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Editorial

AS WE SEE IT

A distinguished group of successful business men and learned economists, gathered last week at Arden House for a session of the American Assembly, is said to have decried the degree of protectionism that characterizes our national policies. The discussion on this particular occasion centered about Latin America and our relations with the various countries to the south of us. There is, of course, no doubt that not only our tariff rates but various other restrictions upon imports from Latin America are a source of irritation not to say ill will on the part of our neighbors in this Western hemisphere. It is also equally clear that this protectionism is essentially inconsistent with or at least discouraging to the investment of funds by private holders.

The thoughtful citizen will, however, quickly and fully realize that the problem is not one that is confined to Latin America or any other section of the globe. The objection, perhaps we might say resentment, aroused by our protectionism is virtually world wide, and it is a serious difficulty in the path of the sort of investment that is so often suggested as a substitute for "unilateral transfers" to needy countries—and to some, as a matter of fact, which could hardly be termed needy. The situation is one which deserves the most serious thought by us all, but it is essential that the problems should be regarded realistically in light of current world conditions and of world economic trends and not in any fanatical way or partisan political fashion.

If . . .

So far as we can see, in a world securely at peace and not harboring any nation or people with imperialistic ambitions or intentions, there is simply no refuting the arguments of Adam Smith that all nations thrive best when international exchange of goods are left quite free to follow the course indicated by (Continued on page 27)

The Capital Investment And Credit Outlook

By Norris O. Johnson,* Vice-President, The First National City Bank of New York, New York City

Banker reviews capital investment and credit outlook for 1960, a year which is expected to be better than 1959. He finds, however, that tight money threatens to contract the economy's growth as we enter the "sixties"; refers to the money-capital markets' violent reaction to the markedly increased total debt; and notes need to restrain inflationary pressures to prolong expansion is made difficult by interest rate ceiling on government bonds. Author criticizes compensatory spending, and explains how the borrower's and dollar's outlook can be brightened.

The business of forecasting next year's business is firmly established. It used to be that the readings off the crystal ball were offered around New Year's Day when the book was closing on the old year and the shape of the new year was still a matter of uncertainty save among the forecasting elite.

Norris O. Johnson

The great depression upset the mechanics of many forecasting systems. The best and worst projections out of that era were longer range in nature. Most correct was the forecast of inflation ahead. Most mistaken was the appraisal that we were an old tired out mature economy.

During World War II the problem for the military prognosticator was how long the total conflict would last. The problem for the economic prognosticator was the shape and severity of the postwar readjustment.

It was rather widely believed that we were in for an inevitable postwar depression after the war. This view was sufficiently prevalent in Washington that tax cuts were undertaken — under the Revenue Act of 1945—in anticipation of radically reduced Federal spending. The outcome was that we had no primary postwar depression, to use the technical term. Millions of people were released from the military forces and from war plants. Still the overall economic situation was one of scarcity of consumer goods and of people and machinery to make them.

I recall this experience because there are people today warning of the economic consequences of peace.

During the early postwar years forecasters as a rule kept pretty close to shore. It was not uncommon to hear optimistic expressions limited to the "next six months." There was an abiding apprehension that the primary postwar depression had only been postponed.

As the years passed, business forecasters grew more confident. Now we have a situation where the outlook for the following year is supposed to be apparent on Sept. 28. In fact, many employers expect of their economists and statisticians patterns of business fluctuation reaching two or three years into the future. I observe that there is fairly widespread acceptance of the view that the current business boom will endure until some time in 1961.

There are to be sure many unforeseeable developments that could change the outlook; we live in that kind of a world. But the case for better business in 1960 than in 1959 is persuasive simply on the basis of established momentum.

Human Psychology in Business Cycle Swings

Our type of free enterprise economy is and always has been affected by cyclical swings with respect to production, employment opportunities, and credit availability. In these swings there is a lot of human psychology. When everyone spends more freely, everyone's business is better and we all feel like spending (Continued on page 33)

PICTURES IN THIS ISSUE—Candid pictures taken at the Annual Dinner of the Corporation Bond Traders of New York on Oct. 16 appear in today's Pictorial Section.

The Security I Like Best . . .

A continuous forum in which, each week, a different group of experts in the investment and advisory field from all sections of the country participate and give their reasons for favoring a particular security.

This Week's Forum Participants and Their Selections

O'Sullivan Rubber Corp. — Mark A. Borgatta, Manager of Research Dept., Troster, Singer & Co., New York City. (Page 2)

Scruggs-Vandervoort-Barney Co. Edward D. Jones, Senior Partner, Edward D. Jones & Co., St. Louis, Mo. (Page 2)

MARK A. BORGATTA

Manager, Research Department
Troster, Singer & Co., New York City

O'Sullivan Rubber Corporation*

Every now and then you will find a vintage corporation undergoing a quiet metamorphosis—not always readily discernible to the eye—but nevertheless moving through various stages of development and growth on its way to new horizons. This, in my estimation, has been happening to **O'Sullivan Rubber Corporation** of Winchester, Virginia, and the signs are now pointing to a broader scope of operations and the reaping of greater profits for this revitalized producer of rubber and plastic products.

Mark A. Borgatta

In retrospect, let us see how an idea developed into an important industry. Back about 1895, according to legend, a young printer named Humphrey O'Sullivan, worked at a press in Lowell, Mass. As the stone floor on which he was standing all day made him footsore, he bought a rubber mat for his comfort. His fellow workers kept borrowing it, so to thwart them O'Sullivan cut out two pieces the size of his heels and nailed them to his shoes. The result both astonished and pleased him and from this incident he developed his idea into a salable product which he named "O'Sullivan's Safety Cushion Heel."

He was granted a patent and immediately started selling his product to the shoemakers around Lowell. Enterprising man that he was, O'Sullivan began to advertise—the $4,800 he spent in 1899 brought in such public response that he appropriated more than $50,000 the following year and by 1910 had expended a total of $1,420,000! The emphasis on comfort by the constant repetition of his famous slogan, "Don't Drive Nails With Your Feet," brought in a flood of orders from the cobblers for O'Sullivan heels, and soon the shoe manufacturing industry was adopting rubber heels as standard equipment. The rest is history.

Today, **O'Sullivan Rubber Corporation** is not only a leading manufacturer of rubber footwear materials but is also an important producer of plastic goods. Following World War II, **O'Sullivan** entered a product diversification program which logically placed the company into the vinyl plastic field—for use in the handbag, novelty, upholstery, automotive body and luggage industries. The company is placing greater emphasis in its merchandising and product development efforts, and the results are currently being reflected in substantially higher sales. At the current rate, 1959 net sales will probably run well over $8 million—the highest in the company's history — and pretax profits will probably be at their best since the war year 1945.

In 1956 a new group headed by J. C. Herbert Bryant of Alexandria, Va., assumed management control of **O'Sullivan** and before long was busily engaged in improving the efficiency of the company's operations. Profits recovered quickly in 1957 and while they declined modestly in the 1958 recession year, they enjoyed a smart rebound in the first six months of 1959. As a corollary to this improvement, **O'Sullivan** has not only been able to pay the regular quarterly dividends of 25 cents on its 5% preferred stock during 1959 but has also paid out this year three 25 cent installments on account of accumulated arrears, reducing the unpaid balance to 25 cents per share as of Oct. 1, 1959. Upon elimination of these accumulations, a sinking fund of 5% of annual net earnings will then be set aside for purchases of the 5% preferred stock. A footnote in the last annual report discloses that "on Dec. 31, 1958, the net accumulated requirements for this purpose totaled $15,327." The sinking remained inoperable throughout the period of arrears accumulations, thus the improved profits for 1959 could reactivate the sinking fund for the retirement of some of the preferred stock in the not too distant future.

New Products

O'Sullivan's management is aggressively pursuing the development of new products. The company's footwear division is always on the alert for new types and styles of rubber soles and heels. Not to be out-done, the plastics department has been making significant progress in obtaining sizable orders in vacuum formed rigid and semi-rigid plastic materials, used as components in the manufacture of luggage typewriter cases, camera and projector cases. It also turns out "hard top" pillar post coverings, "crashpad" sheeting for automobile dashboards and other automotive items. An important milestone was recently reached when **O'Sullivan** entered into the injection molding field, whereby plastic products are made by the injection of liquid vinyl under pressure into molds. More molding machines will be installed in the latter part of November, and additional production will then be under way. Looking toward the future, **O'Sullivan** recently acquired a new property in Winchester containing over 30,000 sq. ft. of floor space. It is now being used for storage purposes but is almost immediately available for manufacturing if the need arises from a fast growth in the vacuum forming or other fields.

The recent upturn in volume and earnings may be attributed in large measure to the ability of the company's production and sales organization. It seems a fair assumption therefore, that **O'Sullivan Rubber** now has the type of able and aggressive management conducive to corporate growth. On the basis of present performance, we might logically expect further expansion in demand for **O'Sullivan's** products and larger profits for this pioneer in the rubber footwear industry.

The 5% preferred stock around $15 a share, yields about 6.6% based on its regular $1 a year dividend rate. The improving trend in **O'Sullivan's** affairs should be of benefit to the common stock, currently priced around 3½. In my opinion, a holder of this stock could be well rewarded.

*Note—Col. Oliver J. Troster, a partner of Troster, Singer & Co. is a Director of O'Sullivan Rubber Corporation.

EARNINGS

The following table compares **O'Sullivan's** sales and earnings for five years (000's omitted):

Year—	Net Sales	Pre-Tax Earnings	Net Earnings	*Net per Common Share
1959 (six months)	$4,011	$174	$83	$0.17
1958 (six months)	2,498	—48	—23	—0.15
1958	6,226	258	125	0.23
1957	6,440	439	203	0.43
1956	6,346	4	3	—0.08
1955	6,475	—40	—26	—0.16

*After allowing for regular preferred stock dividends.

Capitalization (At June 30, 1959)

Long Term Debt (1st Mortgage 5/1965)	$426,500
5% Preferred Stock (Par $20)	34,502 shs.
Common Stock (Par $1)	390,000 shs.
Net Working Capital	$1,770,351

(This is under no circumstance to be construed as an offer to sell, or as a solicitation of an offer to buy, any security referred to herein.)

EDWARD D. JONES

Senior Partner
Edward D. Jones & Co., St. Louis, Mo.
Members New York Stock Exchange

Scruggs-Vandervoort-Barney

One of the most significant points in reviewing the merits of the stock of Scruggs-Vandervoort-Barney is the sizeable discount at which it sells relative to book value, the results of the fiscal year ended July 31, 1959 contributed to an increasing book value of the common stock which at this 1959 report amounted to $31.20 a share. Net working capital alone amounted to almost $10 a share. The stock, traded in the Over-the-Counter Market, is currently available around 13½. The stock at this level reflects the sizeable discount which the market places on the value of this modern group of stores.

Edward D. Jones

The company operates three large department stores in St. Louis, Kansas City and Denver and each has suburban branches. In this latest year the company acquired a new store in Independence, Missouri. The stores are centrally located and handle a broad range of medium and higher priced items together with basement economy departments. The St. Louis store operates under the parent name and has in conjunction with its operation Mermod-Jaccard & King, a well-known jewelry store. Stores in Kansas City operate under the name of Emery Bird Thayer Dry Goods and in Denver under the

Continued on page 9

Who Wants to Compete?

By Thomas S. Lamont,* Vice-Chairman, Morgan Guaranty Trust Company of New York

Using pervasive examples to underscore the importance of competition, a leading New York banker importunes businessmen to support competition in practice, not merely in principle. He deplores tax preferences and subsidies; observes there is no point or profit in foreign trade if tariffs are made high enough to offset lower labor costs; and tells mutual savings banks he is confident Congress will not legislatively ignore their unique position in the economy. Labor practices that stifle competition and progress, too, are condemned as are management's efforts to secure government's help to offset higher wage drive. He asks, who stops the vicious circle of wage rates in excess of productivity when this is done? Further, he criticizes Congress for not eliminating the 4¼% interest rate ceiling, and warns that the world's confidence in our dollar must not worsen.

When our plan to merge was announced there were reports in the press that some of our friends in Washington felt the merger would result in a diminution of competition. That seemed a bit ironic since we—both J. P. Morgan & Co. and Guaranty Trust Company — certainly felt that by joining forces we would achieve greater ability to compete in the very competitive New York banking industry.

Thomas S. Lamont

Now I believe that competition is the breath of life for our Free Enterprise system. As a banker and as a company director I have had a good opportunity to observe American business corporations. I have seen no industry in which competition has been sharper and livelier than it is among the New York banks. I believe that that competition has resulted in better service to local New York business, to American industry as a whole and to international trade. I believe that without such keen competition New York as a banking center would be much less important than it is. New York's bankers have found challenge and stimulation in their aggressive efforts to attract more business to their banks, developing new ideas and more skillful talents to retain old customers and to attract new ones. Now that Morgan and Guaranty are merged into one institution, you can be sure we are not going to sit complacently and twiddle our thumbs. Our own and the other recent merger in New York have already brought an increased measure of competition into our banking community. That is all to the good.

Competition is important to our economy and to the shaping of our society now and in the future. First, I shall discuss what lies ahead. Whatever benefits or disadvantages may have resulted from Khrushchev's visit, I see no immediate changes in the Soviets' attitude toward the rest of the world, no promise of a permanent slackening of tensions. The Cold War continues and will likely continue for many, many years to come. If there is an end to it years hence, I want it to be one in which the whole world, and not just the West, becomes committed to the idea that individual freedom is the keystone to understanding and peace among all peoples. If that end is to be achieved, our own nation, the United States, the leader of the Free World, must set an example of purposefulness in maintaining a strong economy and in improving the standards — and not the material standards alone—of our American life.

We must vastly improve our own society, especially in the area of education: our schools and high schools. All of us would welcome disarmament, but the reality of Mr. Khrushchev's proposals remains to be seen. Until the Soviets and the Western World understand each other much better I fear that it will still be necessary to maintain expensive military establishments. Beyond this burden we must share with other mature nations in helping new and underdeveloped nations. We must avoid booms and depressions and maintain our economy stable and steady in its growth. We must increase trade with our allies of the Western World, competing effectively with their new Common Market and with the growing economic strength of European nations within and without the Common Market. We must export enough goods and services to pay for the increasing amounts of raw materials needed for our growth. It will not be easy to achieve all these ends. We may fail unless our economy is working at its best. I submit that it cannot work at its best without lively competition—competition both within and across our borders and shores.

Do We Support Competition?

Most businessmen, labor leaders, politicians, and even bankers, proclaim their belief in competition as an essential element of our Free Enterprise system. But is it possible that in some of us there lurks a feeling that competition, while of undoubted benefit to the nation, is especially good if the other fellow feels it, not so good if we feel it? We are always for competition in principle. Do we always support it in practice? Sometimes it almost seems as though the most active competition in America is the competition for Government protection against competition. Be that as it may, whether we find enjoyment or frustration in competition, I am convinced that to the extent it languishes, our free economy is

Continued on page 26

CONTENTS

Articles and News

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OBSERVATIONS...

BY A. WILFRED MAY

FOR OUR "FRIENDS" SOUTH OF THE RIO GRANDE

HARRIMAN, N. Y.—The proceedings of this sixteenth American Assembly in a three-day top level discussion of "The United States and Latin America" have provided significant exposure of our pressing global foreign aid problems. This is so, particularly because of the unique objectivity as well as authority of the group's participants, among whom were Dr. Milton Eisenhower, Gov. Harriman, President Sam Waugh of the Export-Import Bank, Assistant Secretary of State Rubottom, Adlai Stevenson (the latter to get "briefed" for a prospective trip across the equator).

A. Wilfred May

Latin-America now is our most important investment and trading area — with our private investments aggregating over nine billion dollars, and our two-way trade about eight billion annually. Equally significant is this area because of its role in our foreign aid operations, as to both policy and volume.

It has been generally agreed here, that the Latin American nongovernmental projects abroad should get more of private lenders' capital—"massive" amounts of it for all sound outlets that may be available.

Looking at "the box score" now: *portfolio* holdings by private investors aggregate $1 billion. These represent for the most part the old bond issues which quite uniformly defaulted during the Great Depression. All of these defaulters have during the last ten years made settlements with their bondholding creditors. Accordingly debt service has been resumed, with the interest in default generally added to principal. But this effort has not been sufficient to restore their credit for renewed borrowing in the world's capital markets. However, with continued meeting of interest requirements and recovery of their internal fiscal health, a resumption of lending in the capital markets may come about.

And there is surely a good outlook for the expansion of the $9 billion of our private investments—following up on the beginning already made in Brazil and Mexico, with Colombia appearing to be next in line.

Today's Venezuela — Former Mecca for Investors

The other side of the medal, discouraging the private foreign investor is the kind of change in policy manifested by this Venezuelan Government. All the U. S. oil companies that bought concessions there in 1956-57 paid very high prices whose justification included agreement with the Venezuelan Government for a continued *status quo* in taxation. Now, with the change in the country's administration comes a complete veering of policy to squeeze the foreign investor. Raising of the corporation profit tax *(ex post facto)* was aimed, directly or indirectly, against the foreign oil companies. Furthermore, the Betancourt regime, allegedly to take care of the electorate's strong anti-foreign attitude, is reported to be planning further punitive measures against all foreign oil companies. Under the agreements, the companies promised to maintain refining operations at a minimum of 15% of capacity. But the price structure coupled with inflated costs, may make it impossible for the companies to sell their output.

A "Walk-Out" Possible

The upward pressure on the price structure and/or the inroad on net earnings with a further restriction of market outlets, may well compel the international oil companies to close up shop and leave the country.

Other abuses inflicted on the foreign investor on the part of Latin American countries arise from a deficient tax system; and inflation—sometimes creeping, but more often galloping—is continuing to take its toll of solvency. Particularly troublesome is the practice of keeping their cash reserves abroad, where they contribute little to their country's development. Whether credits from here are to be private or governmental, their recipients' adoption of firm steps toward fiscal soundness is indispensable.

"Massive" Help Needed

The greatest degree of agreement arrived at in these Assembly proceedings about the future centered on the conviction that vastly increased capital must be supplied, either through "massive" amounts of private capital or through governmental sources, or both.

The obstacle to this solution lies in the disinclination of private investors to raise their stake.

Underlining the need for wider dissemination of information is the impression voiced here that 90% of the investors operating in Latin America don't know the "ground rules." As a result, almost any single expropriation will greatly hinder expansion of investment in the same area.

Incentives for an Improved "Investment Climate"

It should be recognized that many Latin American countries have enacted special legislation in the postwar period, which is designed to afford special treatment to foreign capital in areas of foreign exchange and taxation. Other measures seeking to improve the "investment climate" include freedom of entry and exit, absence of discrimination, and occasional encouragement to corporate earnings and dividends.

Nine countries have offered exemptions from exchange control regulations. And some countries, stimulated by the results reported from Canada, have adopted special legislation to attract foreign capital.

Unfortunately, up to date the effects of such incentives have been negligible. This is likewise true in the use of Government guarantee techniques against the risks of convertibility and expropriation. Up to the present only $30 million of investment has been so underwritten within the limitations in four countries. In the future perhaps through a reduction in its cost, increasing use of insurance promises to bring about its increased use as the purveyor of private investment.

Of course, resort to guarantees of private loans brings the government behind those which private enterprise would not otherwise make. But it does constitute a step in the right direction.

In any event, it seems to me, private extensions of investment funds should be used to the utmost limit before more from governmental agencies is sought.

Existing Government Aid Media

Government agencies already actively lending include the World Bank, which with businesslike terms and credits stands on its own feet: the Export-Import Bank, which has extended $1,324,000,000 on Latin American loans in dollar credits "tied" to expenditures thereof on U. S. goods. Made bilaterally with political purpose a vital consideration, such credits have accounted for $658 million to Brazil, or 38%; Argentina $322 million, or 16%; and Mexico $326 million, or 12%.

The resources of the International Monetary Fund, while not drawn on for development purposes but to assist countries having balance of payment difficulties, have helped substantially. The Fund's recent growth in importance for providing "leverage" can be further extended.

Another U. S. agency, the Development Loan Association, operating bilaterally since 1957, lends both hard and soft money, and gets soft money in return. It is particularly favored by Under Secretary Dillon and the State Department because of its supplying our international strategists with another effective bilateral political tool. In its two-year life, the Fund has disbursed $90 million, with $515 million appropriated but uncommitted; its applications amount to $515 million.

Continued on page 47

The State of TRADE and INDUSTRY

Steel Production
Electric Output
Carloadings
Retail Trade
Food Price Index
Auto Production
Business Failures
Commodity Price Index

Failing in his efforts to bring about some kind of working agreement in the deadlocked ninety-seven-day steel strike, President Eisenhower reluctantly invoked the Taft-Hartley law last Monday, October 19. On the President's orders, the Justice Department started injunction proceedings Tuesday, October 20 in Pittsburgh. In his statement, the President commented that "it was a sad day for the Nation." When this court action is completed, it is expected that the President's action should be instrumental in returning 500,000 steel workers back to work for an eighty-day cooling off period ending January 1. It may also enable 250,000 idle workers in automobile and other industries to resume their jobs too.

This longest strike in the annals of the Steel Industry has also been the costliest.

According to "Steel," the metal working weekly, the average day-to-day worker has lost $1,839 in wages, the industry has lost $2,893,000,000 in sales and 27,460,700 ingot tons of production. Other losses such as overhead etc. amount to $552,000,000 and tax losses to our country now reach $630,000,000. "Iron Age," the other national weekly states that "it will be a month before steel users will get real relief."

Nationwide Bank Clearings 16.8% Above 1958 Week

Bank clearings this week will show an increase compared with a year ago. Preliminary figures compiled by the "Chronicle," based on telegraphic advices from the chief cities of the country indicate that for the week ended Saturday, Oct. 17, clearings from all cities of the United States from which it is possible to obtain weekly clearings will be 4.2% above those for the corresponding week last year. Our preliminary totals stand at $23,529,467,780 against $22,580,693,820 for the same week in 1958. Our comparative summary for the leading eastern banking centers follows:

Week End. Oct. 17—	1959	1958	%
New York	$11,615,252,470	$10,470,887,444	+10.9
Chicago	1,230,475,871	1,227,841,303	+ 0.2
Philadelphia	1,021,000,000	1,030,000,000	— 0.9
Boston	735,678,013	692,781,769	+ 6.2

For a detailed summary of bank clearings in U. S., refer to the Statistical Edition of the "Chronicle," issued Mondays. For this week's summary, refer to page 45 of the Oct. 19 issue.

Month's Delay Before Steel Dearth Is Alleviated

It will take at least a month after the first back-to-work call before steel users get real relief, "The Iron Age" predicts.

The national metalworking weekly suggests the following timetable in the flow of steel:

It will take from 10 days to two weeks before ingot production reaches 85% of capacity. But ingot production alone is only of academic interest to consumers.

It will take from two to three weeks before any new finished steel will be shipped in substantial tonnages. Only small amounts of finished steel or steel in mill pipelines will move immediately.

It will take from four to six weeks before users can expect balanced shipments. This is significant because what little steel remains in inventories is far out of balance. It is virtually useless until inventories are filled out.

This means that additional layoffs in manufacturing plants are inevitable for a period of at least a month after the first steel is poured.

The "Iron Age" points out that steel buyers will face two screening factors in the availability of steel.

First, mills will be very selective in allotting ingots to specific products. It is expected that mills will feed all the ingots they can to sheet mills. However, this situation varies with the mill, and depends on finishing capacity and established customer relationships.

Second, steel will be on strict allotment by the sales offices. Customers will exert every pressure possible to obtain steel.

Automakers, desperate for steel to keep up momentum of sales of new 1960 models, will press for every bit of steel they can get. Appliance makers and farm equipment makers will be right there with them in competition.

"The Iron Age" points out that mills face production problems that are without precedent.

Damage to blast furnaces, openhearths, and excessive main-

Continued on page 34

Bonds and Preferred Stocks For Today's Investments

By Alan K. Browne, Vice-President, Bank of America N. T. & S. A., San Francisco, Calif.*

Noting that the current market offers a good opportunity to purchase bonds, San Franciscan banker reviews and offers his opinion as to the various types of Senior Securities and as to the diverse factors to consider in the selection process. He comments specifically on the mechanics of investments in municipals and corporates; discusses conflict of interest problems when a dealer-bank participates in underwriting municipals; and disapproves of preferred stock as a group. Moreover, Mr. Browne deals with portfolio investment problems caused by fluctuating interest rates, and avoids the analytical approach to security selection in order to stress the mechanics of investment.

To properly discuss my subject, some observations are necessary to the trend of interest rates and the outlook for the bond market.

Alan K. Browne

It is almost impossible for the average individual to determine the long-term trend of interest rates. In recent years it has been exceedingly difficult to even anticipate day-to-day fluctuations. Consequently, "senior securities," such as governments, municipals, corporates and preferred stocks whose markets are affected by money rates, present specific market problems. Perfectly sound credits purchased during periods of low interest rates reflect substantial market depreciation during a period of rising interest rates. Should one dollar-average and continue to buy? Should securities be sold and funds reinvested at the more attractive yields? What about premiums, discount bonds, call features, convertibility? All of these questions and others are posed by changing interest rates. I hope we can discuss some of these problems as we progress.

Currently, many investment managers believe that we are in a cycle of rising long-term or secular interest rates. Whether we are at the top or still have a distance to go can prove to be an interesting subject for debate. I am inclined to believe that we will experience somewhat higher rates of interest, though there will be many periods when the market will be stable and when there will be a decline in interest rates brought about by technical adjustments.

Possibly one of the most discouraging factors affecting the bond market has been the actions of the Federal Reserve authorities in pursuing their monetary policy of credit restraint. I do not intend to debate the Federal Reserve policy. Anything that will decrease the threat of inflation is fundamental and in the broadest public interest. However, any discussion of the bond market on the trend of interest rates cannot exclude the influence of the Federal Reserve's policy. The recent action of commercial banks to raise their prime rate to 5% and Federal Reserve banks to increase the rediscount rate from 3½% to 4% illustrates the point. Other related rate increases followed.

In my opinion, however, the current level of the bond market has offered outstanding opportunities to purchase prime investment securities at the most attractive level in years. Despite the actions of the Federal Reserve, those accounts that need current income or tax exemption as well as those that require some degree of hedging against the stock market could well afford to purchase bonds or increase holdings over the next few months.

Other Market Factors

The trend of interest rates is not always the immediate nor the only reason for market pricing of "senior securities" at the time of initial offering.

The size of the issue and the application of the law of supply and demand; tax considerations; public sale and competitive bidding vs. negotiated sale and private placement; credit quality and seasoning; fiduciary or special usage, convertibility. If applicable, and not to be overlooked—potential capital gains—all have their influence in price determination. The experienced trustee considers all factors in making his investment selections.

Selections of Bonds—General

The purchase of bonds is usually motivated by a desire on the part of the investor to secure safety of principal and regularity or stability of income in comparison with the purchase of equities, which implies a somewhat higher though potentially less stable income and/or appreciation in market price. Simply stated, the investor foregoes higher income return and market appreciation for safety and stability.

The purchase of bonds does not necessarily imply market stability. As noted previously, all other factors being equal, the trend of the money market is reflected in the market value of fixed income or so-called Senior Securities.

While holders of Governments and municipals are generally not concerned with problems pertaining to seniority of their holdings beyond maturity or optional maturity, there are issues of municipal bonds which are junior to others as to lien. In the case of municipal revenue bonds, the flow of funds and provisions for issuance of additional bonds must be carefully examined. Tax-supported bonds may have tax limitations which affect the quality of the individual credit. The story of assessment bonds is well-known. However, a practice that is becoming more prevalent is that of pledging special revenues not derived from the public improvement for which bonds have been issued. Legality of pledge as well as continuity of the pledge are important considerations.

It is hardly necessary to specifically comment on corporate securities beyond stating the obvious — that corporate bonds, by their nature, are senior to preferred and common stocks issued by the same obligor, as to earnings and assets. The bond indenture and the provisions prescribing the issuance of preferred and common stock set forth the exact status. I must admit, however, that analysis of the "fine print" is often required, particularly if it is a newly-acquired item purchased by other than the trustee.

My favorite truism applied to bond investments is that no bond should be purchased if there is any question as to the obligor's ability to meet interest payments promptly and to retire debt when due. I should also add—payment in full. We know from past history that "Legal Lists" do not necessarily guaranty prompt debt service and debt retirement. For the prudent man, selection of bonds for investment poses many interesting investment problems in fulfilling his fiduciary responsibility.

Selection of Bonds By Type

So far I have stated that I think the current market offers a good opportunity to purchase bonds, considering the outlook for interest rates. Some mention has been made as to other market factors and we have covered very briefly some general considerations in the selection of bonds. It is appropriate, therefore, to discuss various types of bonds as a guide to their selection.

A. Government Bonds—

U. S. Treasury obligations carry the highest credit rating. Whether the investor purchases Bills, Tax Anticipation Bills, Certificates of Indebtedness, Notes, Bonds, or Savings Bonds, he can be assured of their interest and principal being paid when due. The credit of the United States secures them. Despite the unpopularity of certain older Government issues for investment, they still constitute our most important group of Senior Securities. The variety of issues available, their liquidity and market ability, diversity of maturity and denomination serving so many purposes, insure their continued investment consideration.

Without attempting to discuss in detail, I would like to point out the following:

Treasury Bills continue to be an important short-term investment for idle funds. Rates have been especially attractive, particularly the longer Bills.

Certificates and Notes, such as the most recent Note issue, should prove to be very popular for those with somewhat longer maturity requirements.

Long-term Bonds pose a problem for the Treasury as well as the investor. Restrictions on rate have priced the Treasury out of the long-term bond market. Bonds are not particularly attractive unless the discount feature can be utilized to advantage, such as in payment of Federal Estate Taxes. I would anticipate ultimate Congressional approval to permit the Treasury to price its bonds in line with the market. This would not only clear the air, open up new sources of investment funds, but it would also help to stabilize the long-term Bond market.

A trustee owes his beneficiary undivided loyalty. I mention this in passing as we look at the investment of funds in Savings Bonds.—Series "E" and "H," to be exact. The recent boost in interest on Savings Bonds to 3¾% is not realistic. Despite mixed emotions arising from a desire to assist the government in meeting its debt problems, a trustee can find very little excuse to perpetuate investment funds in Savings Bonds when there are a variety of Treasury Notes issues and Bonds available at substantially greater yields. Only in cases where investment powers and administrative costs dictate the use of Savings Bonds is there logic in their purchase or retention. If the Savings Bond rate is again raised so as to be more in line—say to 4¼%—they would again become an important trust investment medium.

B. Agencies—

While not carrying the guaranty of the U. S. Government, obligations of the five principal Federal Agencies are considered high-grade investments, whether issued by the Federal Land Banks, Federal Home Loan Banks, Banks for Co-operatives, Federal Intermediate Credit

Continued on page 30

TAX-EXEMPT BOND MARKET

BY DONALD D. MACKAY

October's largest and most important scheduled new issue underwriting was accomplished on Tuesday with a facility that had not been generally expected. The Public Housing Administration awarded $102,145,000 of bonds representing the obligations of 16 local Housing Authorities to a consolidated account headed by Lehman Brothers, Blyth & Company, Phelps, Fenn & Company, The First Boston Corporation, Goldman, Sachs & Company, and the First National City Bank of New York, for the "Dealers" Group and by the Chase Manhattan Bank, Bankers Trust Company, Chemical Bank New York Trust Company, Morgan Guaranty Trust Company, and others representing the "Bankers" Group. The consolidated syndicate paid a 3.8614% interest cost for the issues. The investor's reception for the bonds was spontaneous throughout the long range of maturities and the account was sold out of bonds at the end of the order period. A substantial premium is bid for the longest bonds.

The municipal market has been led by aggressive bidding for new issues. The secondary market has followed at a slower rate. This is partly because the secondary market is for the most part made up of offerings with less than average rate coupons. Although the effective yields are relatively attractive, most investors prefer a "current" coupon to an effective return. Bookkeeping in this respect is a consideration in connection with ultimate capital gain.

However, lower coupon bonds are catching up with the market in a relative sense because of the tax exchange business that normally accelerates at this time of the year.

Floating Supply Moderate

The Street Float of State and Municipal bonds as measured by the Blue List is still of relatively low proportion at about $200,000,000. It would likely be even lower were it not for the fact that listings have been progressively marked up in price by dealers as new issues become more difficult to buy. During the past week, very few new issues involving large volume or importance have been added to the Calendar of impending sales. Moreover, there are no new negotiated type issues that are close to the underwriting stage.

Values the Attraction

As the Government bond market has improved, and early this week it has gone up as if inspired, the attitude has generally prevailed that there has been a psychological change in the thinking of the investor. Some state that suddenly Wall Street has turned back to bonds after years of disuse. With Government markets usually very thin, and with the lack of large State and Municipal offerings, the change has actually been less psychological, in the abstract sense, than the simple working of the marketplace.

The complex elements of the steel strike have in a measure brought about the abrupt upward trend in bond prices occurring as it has at a period when new issue financing is coincidentally at low volume. Both situations will change and perhaps within a relatively short period. In the meantime, municipal bond prices still make considerable sense to all kinds of investors.

The $17,000,000 Denver, Colorado, issue sold last week to the First National City Bank group has been sold down to a balance of about $5,500,000. The Chase Manhattan Bank group which bought $18,000,000 New York City bonds last Thursday indicates sales at better than half the issue so far. Atlanta, Georgia, sold a $2,000,000 issue of water revenue bonds to the Ira Haupt & Company, Dominick & Dominick group on Monday. The bonds are about half sold at this writing. A group headed by First Boston Corporation bought $3,400,000 Honolulu, Hawaii G. O. bonds on Tuesday and is reportedly doing well with the issue. Altogether, the week's new issues have met with good investor reception.

Entire Market Strong

The Dollar-Quoted State and Municipal revenue issues have held their own during the past week. As the *Commercial and Financial Chronicle's* High Grade State and Municipal Bond Index moved from 3.50% to 3.47% which represents about one-half point, the toll road and other revenue issues moved up in price at about the same rate. Better earnings reports continue to bolster most of the bonds in the latter category.

Comptroller Levitt is reported as scheduling the flotation of about $56,000,000 New York State Serial (2-50 years) bonds, for Housing purposes ~~on November 18.~~ This is the largest scheduled offering on the calendar at present.

MARKET ON REPRESENTATIVE SERIAL ISSUES

	Rate	Maturity	Bid	Asked
California (State)	3½%	1978-1980	3.75%	3.60%
Connecticut (State)	3¾%	1980-1982	3.50%	3.40%
New Jersey Highway Auth., Gtd.	3%	1978-1980	3.60%	3.45%
New York (State)	3%	1978-1979	3.45%	3.30%
Pennsylvania (State)	3⅜%	1974-1975	3.35%	3.20%
Vermont (State)	3⅛%	1978-1979	3.25%	3.12%
New Housing Auth. (N. Y., N. Y.)	3½%	1977-1980	3.40%	3.25%
Los Angeles, Calif.	3¾%	1978-1980	3.85%	3.70%
Baltimore, Md.	3¼%	1980	3.70%	3.60%
Cincinnati, Ohio	3½%	1980	3.55%	3.40%
New Orleans, La.	3¼%	1979	3.85%	3.75%
Chicago, Ill.	3¼%	1977	3.90%	3.75%
Boston, Mass.	3¾%	1977	3.85%	3.75%

October 21, 1959 — Index = 3.47%

DOLLAR BOND QUOTES AND RELATED INFORMATION
(Prices and yields are approximate)

Issue—	First Callable Date (as a whole)	Call Price	Offering Price	Net Changes from Prev. Week	Yield to Maturity
Chelan Co., Wash. PUD No. 1 5% 7-1-2013	1-1-1978	100	107½	(*)	4.62%
Chicago-O'Hare Airport 4¾% 1-1-1999	1-1-1974	104¾	104¾	(*)	4.49%
Chicago Reg. Port 4% 7-1-1995	7-1-1962	103½	94	(*)	4.30%
Florida Turnpike Authority 3¼% 4-1-1995	4-1-1962	103½	87	(*)	3.92%
Grant Co., Wash. PUD No. 2 3⅞% 11-1-2005	5-1-1966	103	94	(*)	4.16%
Illinois Toll Highway 3¾% 1-1-1995	1-1-1965	103¾	72½	+¾	5.53%
Illinois Toll Highway 4¾% 1-1-1998	1-1-1978	104¾	88¾	+¼	5.46%
Indiana Toll Highway 3½% 1-1-1994	1-1-1962	103	83	(*)	4.47%
Jacksonville, Fla. Exp. 4¼% 7-1-1992	7-1-1967	103	102	+½	4.14%
Kansas Turnpike Authority 3⅜% 10-1-1994	10-1-1962	103	75½	(*)	4.83%
Kentucky Turnpike Authority 3.40% 7-1-1994	7-1-1960	104	90	(*)	3.93%
Mackinac Bridge Authority 4% 1-1-1994	1-1-1964	108	92½	(*)	4.43%
Maine Turnpike Authority 4% 1-1-1989	1-1-1958	104	83¼	(*)	5.10%
Massachusetts Turnpike Authority 3.30% 5-1-1994	5-1-1962	103½	81	—¼	4.34%
Massachusetts Port Authority 4¾% 10-1-1998	10-1-1969	104	101¾	(*)	4.65%
New Jersey Turnpike Authority 3⅜% 7-1-1988	7-1-1958	103½	93½	—½	3.74%
New York Power Authority 3.20% 1-1-1995	1-1-1963	103	86	(*)	3.93%
New York Power Authority 4.20% 1-1-2006	1-1-1970	103	101	(*)	4.14%
New York Thruway Authority 3.10% 7-1-1994	7-1-1960	103½	86	(*)	3.83%
Ohio Turnpike Authority 3¼% 6-1-1992	6-1-1959	103	87	—¼	3.95%
Pennsylvania Turnpike Authority 3.10% 6-1-1993	6-1-1959	103	82½	(*)	4.05%
Richmond-Petersburg Turnpike 3.45% 7-1-1995	7-1-1963	103½	83	(*)	4.40%
Tri-Dam Project, Calif. 3.05% 7-1-2004	7-1-1959	104	83	+½	3.85%
Virginia Toll Revenue 3% 9-1-1994	9-1-1959	105	85	(*)	3.77%

(*) Unchanged.

Larger Issues Scheduled For Sale

In the following tabulations we list the bond issues of $1,000,000 or more for which specific sale dates have been set.

Information, where available, includes name of borrower, amount of issue, maturity scale, and hour at which bids will be opened.

October 22 (Thursday)

Dayton, Ohio	2,700,000	1961-1980	Noon
Hawthorne School District, N. J.	1,200,000	1961-1979	8:00 p.m.
Lake Worth, Fla.	2,100,000	1960-1988	11:00 a.m.
Macomb and Oakland Counties, Bear Creek Drainage, Dist., Mich.	4,255,000	1960-1989	2:00 p.m.
Norwood, Mass.	1,660,000	1960-1979	11:00 a.m.
Oakland, Calif.	3,064,000	1960-1984	1:00 p.m.
Plaquemine, La.	1,000,000	--------	--------

October 26 (Monday)

Rockford, Ill.	1,940,000	1961-1978	7:00 p.m.

October 27 (Tuesday)

Bristol, Conn.	1,215,000	1960-1979	1:00 p.m.
Consumers Public Pwr. Dist., Neb.	21,050,000	1972-1992	10:00 a.m.
Consumers Public Pwr. Dist., Neb.	2,250,000	1963-1972	10:00 a.m.
Cuyahoga Falls City S. Dist., Ohio	3,350,000	1960-1979	Noon
Glendale Unified S. D., Calif.	3,000,000	1960-1979	9:00 a.m.
Los Angeles County Flood Control District, Calif.	21,150,000	1961-1983	9:00 a.m.
Rowan County, N. C.	2,125,000	1961-1977	11:00 a.m.
Warren Consol. School Dist., Mich.	2,450,000	1961-1984	8:00 p.m.
Wichita, Kansas	1,783,327	1960-1970	9:00 a.m.

October 28 (Wednesday)

Baltimore County, Md. (Metropolitan District)	10,000,000	1961-1999	11:00 a.m.
Baltimore County, Md.	10,000,000	1961-1989	11:00 a.m.
Hamilton, Ohio	1,300,000	1961-1985	Noon
Hampton, Virginia	2,500,000	1960-1979	Noon
Hartford County Metropolitan District, Conn.	4,300,000	1960-1999	2:00 p.m.
Pennsylvania General State Auth.	25,000,000	1962-1986	Noon
Ramapo, Clarkstown, Orangetown and Haverstraw Central School District No. 2	2,575,000	1961-1989	11:00 a.m.
St. Louis County, Mo.	2,100,000	1961-1979	11:00 a.m.

October 29 (Thursday)

Brookhaven, Smithtown and Islip Central S. D. No. 5, N. Y.	1,233,000	1960-1988	2:00 p.m.
Camden, N. J.	1,300,000	1960-1982	8:00 p.m.
Camden School District, N. J.	3,300,000	1960-1982	8:00 p.m.
Florida Development Commission (Polk County), Fla.	9,500,000	1961-1989	11:00 a.m.
Utica Common School Dist., Mich.	2,886,000	1962-1988	8:00 p.m.

November 2 (Monday)

Kenosha, Wis.	1,165,000	1960-1979	Noon

November 3 (Tuesday)

Cerritos Junior College Dist., Cal.	1,000,000	1960-1979	9:00 a.m.
Oak Park (City) Royal Oak and Southfield (Twps.) S. D., Mich.	1,900,000	1960-1988	8:00 p.m.
Oklahoma Co. Indep. S. D. No. 89, Oklahoma	4,000,000	1961-1970	10:00 a.m.
Port of Seattle, Wash.	7,500,000	1961-1979	10:00 a.m.
Shelby, N. C.	1,365,000	1961-1985	11:00 a.m.

November 4 (Wednesday)

Port Arthur, Texas	2,950,000	1963-1989	11:00 a.m.

November 5 (Thursday)

Jackson, Tenn.	1,950,000	1967-1979	10:00 a.m.
Roanoke, Va.	3,000,000	1960-1989	Noon

November 9 (Monday)

Edina, Minn.	1,000,000	1960-1969	7:30 p.m.
Enfield, Conn.	2,000,000	--------	--------
St. Joseph School District, Mo.	2,800,000	1965-1980	4:00 p.m.
Santa Barbara High S. D., Calif.	1,000,000	1960-1984	10:00 a.m.

November 10 (Tuesday)

Caddo Parish, Parish-Wide S. D., Louisiana	5,000,000	1960-1979	1:30 p.m.
Dover-Eyota Indep. S. D. No. 533, Minnesota	1,000,000	1961-1989	4:00 p.m.
Mississippi (State of) (Greater Port of Pascagoula)	1,000,000	1964-1984	10:00 a.m.
Mississippi (State of)	14,000,000	1960-1975	10:00 a.m.

November 18 (Wednesday)

New York (State of)	56,000,000		
Poughkeepsie, N. Y.	2,296,000	1960-1969	2:00 p.m.
Rochester Spec'l S. D. No. 4, Minn.	2,500,000	1961-1983	2:00 p.m.

December 1 (Tuesday)

Columbus, Ohio	10,010,000	1962-1986	Noon
Los Angeles County, Calif.	2,444,000	1961-1980	--------

December 2 (Wednesday)

Peoria Public Building Comm., Ill.	4,800,000	1961-1979	--------

NEW ISSUES

October 21, 1959

$102,145,000

New Housing Authority Bonds

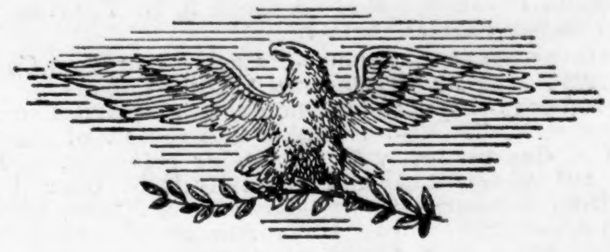
The Bonds of each issue will be secured by a first pledge of annual contributions unconditionally payable pursuant to an Annual Contributions Contract between the Public Housing Administration and the Local Public Agency issuing said Bonds in the opinions of bond counsel. Said annual contributions will be payable directly to the fiscal agent of said Local Public Agency in an amount which, together with other funds of the Local Public Agency which are actually available for such purpose, will be sufficient to pay the principal of and interest on the Bonds when due.

The United States Housing Act of 1937, as amended, solemnly pledges the faith of the United States to the payment of the annual contributions by the Public Housing Administration pursuant to the aforesaid Annual Contributions Contracts.

Quotation from an opinion, dated May 15, 1953, of the Attorney General of the United States, to The President of the United States:

"IN SUMMARY, I AM OF THE VIEW THAT: * * * A CONTRACT TO PAY ANNUAL CONTRIBUTIONS ENTERED INTO BY THE PHA[1] IN CONFORMANCE WITH THE PROVISIONS OF THE ACT[2] IS VALID AND BINDING UPON THE UNITED STATES, AND THAT THE FAITH OF THE UNITED STATES HAS BEEN SOLEMNLY PLEDGED TO THE PAYMENT OF SUCH CONTRIBUTIONS IN THE SAME TERMS ITS FAITH HAS BEEN PLEDGED TO THE PAYMENT OF ITS INTEREST-BEARING OBLIGATIONS."

[1] Public Housing Administration. [2] United States Housing Act of 1937, as amended.



Interest Exempt, in the opinion of counsel to the Underwriters, from Federal Income Taxes by the provisions of the United States Housing Act of 1937, as amended.

Legal Investments, in the opinion of counsel to the Underwriters, for Savings Banks and Trust Funds in New York and certain other States, except that the Bonds of the Puerto Rico Agency are not Legal Investments for Trust Funds in the State of New York.

Bonds Issued by Local Public Agencies which are located in:

Scale A

$ 5,670,000	Washington, D. C.	3¾% due 1961-2000

Scale B

$ 1,955,000	Cincinnati, Ohio	3⅞% due 1960-1999
6,680,000	Cleveland, Ohio	3⅞% due 1960-1999
6,035,000	Johnstown, Pa.	3⅞% due 1960-1999
5,910,000	Kansas City, Mo.	3⅞% due 1960-1999
2,290,000	Lawrence Co., Pa.	3⅞% due 1960-1999
1,200,000	Lynchburg, Va.	3⅞% due 1960-1999
11,710,000	Minneapolis, Minn.	3⅞% due 1960-1999
5,710,000	Wilmington, Del.	3⅞% due 1961-2000

Scale C

$26,840,000	New York, N. Y.	3⅞% due 1961-2000

Scale D

$ 6,130,000	Birmingham, Ala.	3⅞% due 1960-1999
3,685,000	Columbus, Miss.	3⅞% due 1960-1999
1,585,000	Hackensack, N. J.	3⅞% due 1960-1999
6,360,000	Huntsville, Ala.	3⅞% due 1961-2000
1,270,000	Johnson City, Tenn.	3⅞% due 1960-1999
9,115,000	Puerto Rico	3⅞% due 1961-2000

Maturities, Yields and Prices

	Scale A	Scale B	Scale C	Scale D		Scale A	Scale B	Scale C	Scale D		Scale A	Scale B	Scale C	Scale D
1960	—	2.75%	—	2.75%	1974	3.30%	3.30%	3.30%	3.30%	1987	3.70%	3.80%	3.85%	@ 100
1961	2.80%	2.80	2.80%	2.80	1975	3.35	3.35	3.35	3.35	1988	3.70	3.80	3.85	@ 100
1962	2.85	2.85	2.85	2.85	1976	3.40	3.40	3.40	3.40	1989	3.70	3.80	3.85	@ 100
1963	2.90	2.90	2.90	2.90	1977	3.45	3.45	3.45	3.45	1990	@ 100	3.85	@ 100	@ 99½
1964	2.95	2.95	2.95	2.95	1978	3.45	3.45	3.45	3.50	1991	@ 100	3.85	@ 100	@ 99½
1965	3.00	3.00	3.00	3.00	1979	3.50	3.50	3.50	3.55	1992	@ 100	3.85	@ 100	@ 99½
1966	3.05	3.05	3.05	3.05	1980	3.50	3.50	3.55	3.60	1993	@ 99	@ 100	@ 99½	@ 99
1967	3.05	3.05	3.05	3.05	1981	3.55	3.55	3.60	3.65	1994	@ 99	@ 100	@ 99½	@ 99
1968	3.10	3.10	3.10	3.10	1982	3.55	3.60	3.65	3.70	1995	@ 99	@ 100	@ 99½	@ 99
1969	3.10	3.10	3.10	3.10	1983	3.60	3.65	3.70	3.75	1996	@ 99	@ 100	@ 99½	@ 99
1970	3.15	3.15	3.15	3.15	1984	3.60	3.70	3.75	3.80	1997	@ 99	@ 100	@ 99½	@ 99
1971	3.15	3.15	3.15	3.15	1985	3.65	3.75	3.80	3.85	1998	@ 99	@ 100	@ 99½	@ 99
1972	3.20	3.20	3.20	3.20	1986	3.65	3.75	3.80	3.85	1999	@ 99	@ 100	@ 99½	@ 99
1973	3.25	3.25	3.25	3.25						2000	@ 99	@ 100	@ 99½	@ 99

(and accrued interest)

The Bonds of each issue will be callable fifteen years from their date at a call price of 104 and accrued interest, and thereafter, at the times and call prices, as stated in the Offering Prospectus.

The Bonds are being offered, subject to award, when, as and if issued and received by us, and subject to approval of legality, with respect to each issue, by bond counsel to the Underwriters. The offering is not made hereby, but only by means of the Offering Prospectus, copies of which may be obtained from such of the undersigned and other Underwriters as are registered dealers in this State.

Lehman Brothers | Blyth & Co., Inc. | Phelps, Fenn & Co. | The First Boston Corporation | Goldman, Sachs & Co. | Shields & Company | Smith, Barney & Co. | Harriman Ripley & Co. Incorporated | R. W. Pressprich & Co.

The First National City Bank of New York

Drexel & Co. | Eastman Dillon, Union Securities & Co. | Equitable Securities Corporation | Merrill Lynch, Pierce, Fenner & Smith Incorporated | Stone & Webster Securities Corporation | White, Weld & Co. | Bear, Stearns & Co.

A. C. Allyn and Company Incorporated | Baxter & Company | Alex. Brown & Sons | Coffin & Burr Incorporated | Estabrook & Co. | Gregory & Sons | Ira Haupt & Co. | Hemphill, Noyes & Co. | Hornblower & Weeks | Lee Higginson Corporation

F. S. Moseley & Co. | Paine, Webber, Jackson & Curtis | Wm. E. Pollock & Co., Inc. | Reynolds & Co. | L. F. Rothschild & Co. | Schoellkopf, Hutton & Pomeroy, Inc. | Dean Witter & Co. | Wood, Struthers & Co.

American Securities Corporation | Bacon, Stevenson & Co. | A. G. Becker & Co. Incorporated | Braun, Bosworth & Co. Incorporated | Clark, Dodge & Co. | R. S. Dickson & Company Incorporated | First of Michigan Corporation | Fitzpatrick, Sullivan & Co. | Hirsch & Co.

Kean, Taylor & Co. | J. C. Bradford & Co. | F. W. Craigie & Co. | Francis I. duPont & Co. | Eldredge & Co. Incorporated | Folger, Nolan, Fleming-W. B. Hibbs & Co., Inc. | Geo. B. Gibbons & Company Incorporated | Hallgarten & Co.

E. F. Hutton & Company | W. E. Hutton & Co. | McDonald & Company | The Ohio Company | Rand & Co. | Roosevelt & Cross Incorporated | Shearson, Hammill & Co. | Stroud & Company Incorporated | Tucker, Anthony & R. L. Day | Chas. E. Weigold & Co. Incorporated

The Chase Manhattan Bank | Bankers Trust Company | Chemical Bank New York Trust Company | Morgan Guaranty Trust Company of New York | The First National Bank of Chicago | Harris Trust and Savings Bank | C. J. Devine & Co. | Kidder, Peabody & Co. | Salomon Bros. & Hutzler

The Northern Trust Company | The Philadelphia National Bank | Carl M. Loeb, Rhoades & Co. | The First National Bank of Oregon | Ladenburg, Thalmann & Co. | W. H. Morton & Co. Incorporated | Weeden & Co. Incorporated

Dick & Merle-Smith | B. J. Van Ingen & Co. Inc. | Seattle-First National Bank | Blair & Co. Incorporated | Dominick & Dominick | Hayden, Stone & Co. | The Marine Trust Company of Western New York | Bache & Co. | Bacon, Whipple & Co.

Barr Brothers & Co. | City National Bank & Trust Co. Kansas City, Mo. | Fidelity Union Trust Company Newark | Glickenhaus & Lembo | Industrial National Bank Providence, R. I. | Laidlaw & Co. | Baker, Watts & Co. | Federation Bank and Trust Company

A. M. Kidder & Co., Inc. | Mercantile-Safe Deposit and Trust Company | National Bank of Commerce of Seattle | National Bank of Westchester White Plains, N. Y. | The Peoples National Bank of Charlottesville, Va. | Third National Bank in Nashville

Trust Company of Georgia | Tilney and Company | Tuller & Zucker | G. H. Walker & Co. | J. C. Wheat & Co.

DEALER-BROKER INVESTMENT LITERATURE AND RECOMMENDATIONS

IT IS UNDERSTOOD THAT THE FIRMS MENTIONED WILL BE PLEASED TO SEND INTERESTED PARTIES THE FOLLOWING LITERATURE:

Bargains in Bonds—Bulletin—E. F. Hutton & Company, 61 Broadway, New York 6, N. Y.

British Stock Markets After the Election—Review—Model, Roland & Stone, 120 Broadway, New York 5, N. Y.

Burnham View — Monthly Investment Letter — Burnham and Company, 15 Broad Street, New York 5, N. Y. Also available in current Foreign Letter.

Canadian Government Financing—Review—Saunders Cameron Limited, 55 Yonge Street, Toronto 1, Ont., Canada.

Cigarette Industry—Report—Reynolds & Co., 120 Broadway, New York 5, N. Y. Also available is a review of the **Canadian Oil & Gas** picture with particular reference to **Bailey Selburn Oil & Gas Ltd.** and an analysis of **Garrett Corp.**

Electric Utility Industry—Study—Edwards & Hanly, 100 North Franklin Street, Hempstead, N. Y. Also available is a memorandum on **Minerals & Chemicals Corp. of America.**

Equivalent Bond Yield—Comparison of rates of return from U. S. Treasury Bills and other short-term U. S. Government securities—C. J. Devine & Co., 48 Wall Street, New York 5, N. Y.

Japanese Stock Market—Study of changes in postwar years—In current issue of "Nomura's Investors Beacon"—Nomura Securities Co., Ltd., 61 Broadway, New York 6, N. Y. Also available is a review of the outlook for Plant and Equipment Expenditures in Japan for 1959 and brief analyses of **Mitsubishi Heavy Industries, Nippon Flour Mills Co., Iwaki Cement Co. and a survey of the Steel Industry.**

Japanese Stocks—Current Information — Yamaichi Securities Company of New York, Inc., 111 Broadway, New York 7, New York.

Life Stocks—Comparative figures—Robert H. Huff & Co., 210 West Seventh Street, Los Angeles 14, Calif.

New York City Banks—Quarterly comparison—Laird, Bissell & Meeds, 120 Broadway, New York 5, N. Y.

Over-the-Counter Index—Folder showing an up-to-date comparison between the listed industrial stocks used in the Dow-Jones Averages and the 35 over-the-counter industrial stocks used in the National Quotation Bureau Averages, both as to yield and market performance over a 20-year period—National Quotation Bureau, Inc., 46 Front Street, New York 4, N. Y.

Petroleum Situation—Review—Chase Manhattan Bank, Petroleum Department, 18 Pine Street, New York 15, N. Y.

Railroad Securities—Bulletin—Herbert D. Stern & Co., 52 Wall Street, New York 5, N. Y.

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American General Insurance Company—Analysis—Eddleman, Pollok & Fosdick, Incorporated, Bank of the Southwest Building, Houston 2, Tex.

Atchison, Topeka & Santa Fe Railway—Memorandum—J. A. Hogle & Co., 40 Wall Street, New York 5, N. Y.

Bobbie Brooks—Data—Bache & Co., 36 Wall Street, New York 5, N. Y. Also in the same circular is a brief review of **Trane Co.**

Budd Company—Report—Thomson & McKinnon, 2 Broadway, New York 4, N. Y. Also available is a report on **National Distillers & Chemical Corp.**

Consolidated Foods Corporation—Analysis—Hayden, Stone & Co., 25 Broad Street, New York 4, N. Y.

Continental Can Company—Review—Hardy & Co., 30 Broad Street, New York 4, N. Y.

L. A. Darling Company—Bulletin—Moreland & Co., Penobscot Building, Detroit 26, Mich.

Fairmont Foods Co.—Memorandum—A. C. Allyn & Co., 122 South La Salle Street, Chicago 3, Ill. Also available are memoranda on **First Charter Financial Corp., Gas Service Co., North American Life Insurance Co.,** and **Pubco Petroleum Corp.**

Fidelity-Philadelphia Trust Co. — Memorandum — Gallagher-Roach & Co., 16 East Broad Street, Columbus 15, Ohio.

Fidelity Philadelphia Trust Co. — Memorandum — Woodcock, Hess, Moyer & Co., 123 South Broad Street, Philadelphia 9, Pa. Also available is a memorandum on **Illinois Central Railroad.**

Freeport Sulphur—Memorandum—Grimm & Co., 2 Broadway, New York 4, N. Y.

General Instrument Corp.—Analysis—Alkow & Co., Inc., 40 Exchange Place, New York 5, N. Y.

Genisco, Inc.—Memorandum—Lester, Ryons & Co., 623 South Hope Street, Los Angeles 17, Calif.

Gillette Co.—Memorandum—Hill, Darlington & Co., 40 Wall Street, New York 5, N. Y.

Gladding, McBean & Co.—Analysis—Dean Witter & Co., 45 Montgomery Street, San Francisco 6, Calif.

Granite City Steel—Memorandum—H. Hentz & Co., 72 Wall Street, New York 5, N. Y. Also available is a memorandum on **International Harvester** and **Joy Manufacturing.**

Guardian Consumer Finance Corp.—Analysis—Albert J. Caplan & Co., 1516 Locust Street, Philadelphia 2, Pa.

Kaiser Industries Corp.—Analysis—Bregman, Cummings & Co., 74 Trinity Place, New York 6, N. Y.

Lehman Corporation—Report—Shearson, Hammill & Co., 14 Wall Street, New York 5, N. Y. Also available is a report on **Natural Gas Stocks,** and a memorandum on **Houdaille Industries, Inc.**

McKesson & Robbins, Inc. — Survey — Abraham & Co., 120 Broadway, New York 5, N. Y. Also in the same circular are surveys of **R. J. Reynolds Tobacco Co.** and **Riegel Paper.**

Meletron Corp. — Memorandum—John J. Keenan & Co., 639 South Spring Street, Los Angeles 14, Calif.

National Steel Corp.—Memorandum—R. W. Pressprich & Co., 48 Wall Street, New York 5, N. Y.

Neiman-Marcus Company—Analysis—Metropolitan Dallas Corporation, Mercantile Bank Building Arcade, Dallas 1, Tex.

Pan-American World Airways—Memorandum—Merrill Lynch, Pierce, Fenner & Smith Incorporated, 70 Pine Street, New York 5, N. Y. Also available is a memorandum on **Royal Dutch Petroleum.**

Paramount Pictures Corporation—Bulletin—Schweickart & Co., 29 Broadway, New York 6, N. Y.

Peabody Coal Company—Analysis—Semple, Jacobs & Co., Inc., 711 St. Charles Street, St. Louis 1, Mo.

Puget Sound Pulp & Timber Co. — Memorandum — Pacific Northwest Co., United Pacific Building, Seattle 24, Wash.

Radio Corporation of America—Analysis—Jesup & Lamont, 26 Broadway, New York 4, N. Y.

Rose de Lima Hospital—Circular—B. C. Ziegler and Company, Security Building, West Bend, Wis.

Time, Inc.—Analysis—Hill Richards & Co., 621 South Spring Street, Los Angeles 14, Calif.

West Virginia Water Service—Review—Ira Haupt & Co., 111 Broadway, New York 6, N. Y.

Western Casualty & Surety Company—Report—The Milwaukee Company, 207 East Michigan Street, Milwaukee 2, Wis.

World Bank Securities—Brochure—First Boston Corporation, 15 Broad Street, New York 5, N. Y.

SECURITY SALESMAN'S CORNER

BY JOHN DUTTON

Two Sales Promotional Ideas

The interest of parents in providing the necessary funds for their children's education is very much in evidence these days. Following is a letter sent by an enterprising registered representative of a member firm of the New York Stock Exchange to his clients. Along with the letter was enclosed a prospectus of the mutual fund that was offered, an illustration of an assumed investment of $40 and subsequent investments of $25 per month covering the period from August 1, 1944 to September 1, 1959, and another program in terms of an assumed investment of $1000 and subsequent investments of $100 per month thereafter for the same period. This material was standard prepared information which complied with N.A.S.D. rules and regulations. There was also a booklet entitled "The most wonderful gift you can give your child . . . A College Education." This booklet explained the cost of a college education today, offered two ways to start savings for tomorrow's educational needs (one using dollars, the other common stocks). Mutual funds were explained and a way to make gifts to minors using funds was also covered. The letter—

"Dear Clients:

"A recent poll, conducted by the George Roper organization (see *Time*, September 28, 1959), indicated some 60% of the parents interviewed were planning to send their children to college, but had not set up a savings plan to meet the estimated $8,000 cost for four years of college.

"Some of you may feel that the 'shoe fits'. The enclosed literature describes what can be done on a dollar averaging basis. The future can only be assumed from the past. Perhaps a little jogging on my part will pay handsome dividends in the future when the day of reckoning arrives. Save now for the future!

"When you have finished studying the material—don't file it away—contact me regarding the best way for you to begin your plan. Don't let another year slip by without starting a college program.

"Sincerely yours,

"______________"

"P. S. I practice what I preach."

Another dealer who has found it profitable to build up a high quality mailing list in his neighborhood has postcards printed in photo offset. A large size ad can thus be reproduced legibly and attractively on a regular postal card: As follows—

"WE ARE LOOKING FOR CLIENTS—
NOT CUSTOMERS—

"CUSTOMERS: Persons Whom We Sell.

"Clients: Persons Whom We Serve.

"Services We Offer

"(1) We buy or sell, as agents for our clients: (a) Listed stocks on all exchanges; (b) Unlisted (over-the-counter stocks), including local stocks; (c) Corporate bonds; (d) Tax free bonds.

"(2) We recommend shares of a few, carefully selected mutual funds. Descriptive circulars and legal prospectuses upon request.

"(3) We advise and assist clients in many ways including the following, and others—(a) Transfer of securities in or out of joint tenancy; (b) Sale or exercise of subscription warrants; (c) Questions about proxies; (d) Amount or payment of dividends; (e) Market prices of securities at current or some previous date.

"(4) We analyze present holdings, furnishing latest information as to current price, anticipated dividends, investment quality and future prospects.

"NOTE: We make no charge for services and/or information, other than the standard commission rate on purchases or sales when executed.

"(Dealer's Name)

"Address ________ Telephone No."

Stop and consider the free services and advice that the broker and securities salesman is giving away today — no other type of business offers more and gets paid less. At least it's a good idea to remind your customers and prospective clients in such a dignified way that all these services are available to them.

Chase Manhattan Names Two V.-Ps.

The Chase Manhattan Bank has appointed two new Vice-Presidents, George Champion, President, announced. They are George E. Becker and James H. Harris, both in the bank's metropolitan department.

Mr. Becker, who will be in charge of the Metropolitan Branch at 33 East 23rd St., joined the bank in 1929. He was appointed an assistant manager in 1946 and advanced to assistant Vice-President in 1951. Mr. Harris, who joined the bank in 1947, was appointed an assistant manager in 1953 and was promoted to assistant Vice-President in 1958. He will be in charge of the 25 Broadway Branch.

Four other promotions also were made in the metropolitan department. They were Robert H. Job to Assistant Vice-President, and Harris Egan, Alexander L. Kyman and Donald J. Miller to Assistant Treasurers.

Henry A. Noll was promoted to Assistant Vice-President in the bank's operating department.

D. Kalzynski Now With Carreau Co.

Carreau & Co., 115 Broadway, New York City, members of the New York Stock Exchange, announce that Daniel F. Kalzynski has joined their staff in charge of research activities. Mr. Kalzynski was formerly with Francis I. duPont & Co.

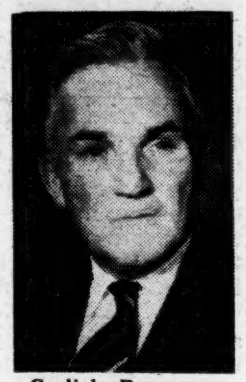
With Burke & MacDonald

KANSAS CITY, Mo.—Alfred W. Adt is now connected with Burke & MacDonald, Inc., 17 East 10th Street, members of the Midwest Stock Exchange. Mr. Adt was formerly with B. C. Christopher & Co. and Alkow & Co. In the past he was with Goodbody & Co. in Coral Gables, Florida.

FROM WASHINGTON ...Ahead of the News

BY CARLISLE BARGERON

Chairman Fulbright of the Senate Foreign Relations Committee has turned over to 15 professional study groups the task of preparing studies on foreign affairs for his committee. Making studies for the government has become a profitable business for professors and other intellectuals. Mr. Eisenhower on several occasions has created a study group of some form on foreign aid.



Carlisle Bargeron

Whatever becomes of these learned studies nobody knows. Tomes are turned out and if man had the time to read them, he would have the time to make the study himself. Several studies have been made on foreign aid. These are primarily not to gather information but to furnish ammunition for the Administration in its foreign aid requests. All of them not only uphold the Administration policy of increasing aid but they recommend much more aid. Most of them are headed up by leaders of business and industry. What happens is that a prominent businessman is made the head of a committee and he in turn gives the job over to a bright young man who makes his living in this way.

The most recent foreign policy study for Fulbright was made by the Foreign Service School of the University of Pennsylvania. Among the recommendations they made was that our allies in NATO be equipped with nuclear weapons. The Administration has been dead set against this, not wanting to spread nuclear weapons around to the smaller nations.

The desire is, in fact, to stay the nations which now have possession of these instruments of devastation, the United States, Russia and Great Britain. France is kicking up her heels and demanding the right to manufacture her own weapons, and we don't seem to be able to dissuade her. De Gaulle insists that France must have nuclear weapons in order to maintain her standing as a major nation.

Also, the United States, Great Britain and Russia are on the verge of an agreement to discontinue atomic tests. If France should explode an atomic bomb just about the time this agreement is reached, you can imagine the effect it would have.

It is significant that Russia has not yet turned over any nuclear weapons to China. Even the Kremlin realizes how dangerous it is to put these weapons in the hands of less responsible countries.

Yet right at this time the University of Pennsylvania group recommends that we give nuclear weapons to all of our NATO allies.

Senators Mansfield and Humphrey, both of whom are foreign policy students, have jumped upon the proposal and it is doubtful if anything will come of it.

But you wonder at the manner of men, supposedly well educated, who would make a proposal such as this at this time. Our allies have nuclear weapons but they are in the hands of American troops and can only be operated by them.

One has only to realize how dangerous turning over the weapons to them is, to understand that the placing of these weapons in a country's hands makes that country as powerful in many ways as we are. I have never quite understood why we continued to pile up a stockpile when it is claimed that one bomb is so devastating. It would seem that we need only about three to make hash of Russia and vice versa.

Yet until recently both this country and Russia have continued to build them until both nations must have a sizable number on hand. The danger of fallout is quite a controversy and it must be said that the assurances of the Atomic Energy Commission are not very convincing in view of the expert evidence to the contrary.

Suppose France develops the bomb as she is proceeding to do. She is a cocky and troublesome little nation at best. Undoubtedly when and if she gets one, she would use it as a threat against Algeria. Or she could use the threat of a bomb to hold us up for more foreign aid.

If there is one thing we are afraid to death of it is the possibility of some nation dropping a bomb on us. Although we were the first nation to develop the bomb, and the only nation so far to drop one on a foreign country, the very thought that one may be dropped on us sends cold shivers up and down our spines.

Only recently in Chicago the aid raid sirens were turned on to celebrate the White Sox winning the pennant. It caused a panic in several quarters of the city.

L. D. Steele V.P. of Semple, Jacobs

ST. LOUIS, Mo.—Louis D. Steele on Oct. 1 became a Vice-President of Semple, Jacobs & Co., Inc., 711 St. Charles Street, members of the New York and Midwest Stock Exchanges.

Felt to be V.P. of J. M. Dain & Co.

MINNEAPOLIS, Minn.—On Nov. 1 Thomas R. Felt will become Vice-President of J. M. Dain & Co., Inc., 110 South Sixth Street, members of the New York and Midwest Stock Exchanges. He will make his headquarters at the firm's Casper, Wyoming office, 111 West Second Street.

On the same date Raymond B. Garcia will become Assistant Treasurer.

The Security I Like Best

Continued from page 2

Denver Dry Goods name. The new Independence store operates under the name of Emery Bird-Bundshu.

The company maintains a strong financial condition with a current ratio of 3.8 to 1. Dividends are currently being paid at an annual rate of $.60 per share and are well covered by earnings. In the fiscal year ended July 31, 1959 sales were up 10.1% to a new record of $66.6 million. Increased sales reflected the positions of the new St. Louis branches, the Independence acquisition as well as increased volume from Kansas City and Denver. Earnings for 1959 were up 25.9% at $1.55 a share.

R. Martin Co. Formed

Robert Martin & Co., Inc. has been formed with offices at 138 A East 39th Street, New York City, to engage in a securities business.

Municipal Bonds for Banks: An Attractive Investment

By Alfred H. Hauser,* Vice-President, Chemical Bank New York Trust Co., New York City

Banker highly recommends revolving account of carefully selected municipal securities in a bank's secondary reserve. Mr. Hauser observes that municipals have been underestimated and to some extent misjudged; shows that in net yield and liquidity they are the equal if not better than Governments; explains how an intelligently managed portfolio is marketable; and advises establishing a municipal account or increasing present holdings as soon as a change in Treasuries make it worthwhile.

The principal advantage of municipal securities has, for many years, been so obvious that it is not necessary to elaborate their virtues. It was not so very long ago that U. S. Treasury Certificates yielded 2%, which, to a corporation, was less than 1% after the Federal income tax. At that very time it was possible to buy high grade municipal bonds due in one year at a gross yield of almost 2% and this income was exempt from the tax. The result used to be that tax-exempts were almost twice as good as Governments, so far as net income was concerned.

Alfred H. Hauser

Today this wide spread does not exist in the short term category, although there is still some advantage, especially in the case of those issues which also enjoy state exemption. Longer term obligations still provide a much higher net yield than can be obtained from Governments of comparable maturity.

		Corp. Yield After Fed. Inc. Tax
Treasury 3¼'s	5/15/60	2.72%
Public Housing Authority Notes	4/29/60	2.90
Treasury 4's	1980	2.17
Massachusetts 3½'s	2000	3.80

One might relate the change in relationship of the short term issues to the fact that Congress refused to raise the interest ceiling of 4¼% on Government bonds of five years or longer maturity. It matters not that the ostensible reason for this refusal was to hold down the cost of borrowing, the outcome was to force all recent Treasury financing into the short term area—under five years. An abundance of such offerings forced up the short term rate and we have found that 4¾% to 5% has prevailed in recent markets for everything from 180 days to 4 years and 10 months.

Municipalities and states have not tied their hands and continue to space their maturities. Consequently, the early years are not unduly burdened by heavy offerings and yields have not been pushed up as rapidly as short Treasury yields.

We find also that the pattern of the Government yield curve has undergone a great change, while the municipal curve still has the shape with which we have been familiar for years. The Government curve is quite flat at the beginning and actually turns down after five years. The tax-exempt curve starts out around 3% for high grade issues and rises about 10 basis points each year for several years, before beginning to level out.

Better Yield Curve

This continuation of the yield curve is a second advantage of municipal securities in a bank portfolio. The passage of time tends to improve the price—or at least to lessen the potential depreciation if we are concerned about the trend of interest rates. A five-year 3% bond, bought at 100, would sell at 100.40 to yield 2.90% at the end of one year; at 100.60 to yield 2.80% at the end of two years; and at 100.80 to yield 2.70% at the end of three years.

Or let us assume that the market rate changes from 3% to 3.30% for a five-year issue. If the curve holds its shape, your 3% bond would be back to par at the end of three years.

One might ask, "What does it matter what the quote is from time to time if I plan to hold my bonds to maturity anyhow?"

It does matter, because you may find it impossible to carry out your intentions and you may be glad to have this source of liquid funds.

A well planned, carefully selected secondary reserve of one to five year tax-exempts is a beautiful thing to see in operation. Once established, it produces income at the five year rate, because you do your buying mainly at the long end, and costs make good comparison with market because of the tendency to move toward lower yields with the passage of time. Some people prefer a revolving fund going out 8, 10 or 12 years. We started out with a five year roll-over, but we had so much company that there was quite a jump in the yield of six year issues and we moved out one year to take advantage of the step-up in income.

The liquidity provided by a municipal portfolio is an advantage which is not fully appreciated. I define liquidity as the ability to convert securities into cash without appreciable loss. By this definition, a well managed municipal portfolio has as great, if not greater, liquidity than Governments. We have found it possible to sell millions of tax-exempts this year with virtually no loss, whereas, even bills bought a few weeks ago are below cost and the longer the Governments have been held, the greater the depreciation.

Making Tax Exempts Marketable

How can this liquidity be maintained wnen municipals are generally not considered to have nearly the degree of marketability which short-term Treasurys enjoy? In the first place, it involves assigning a capable man who knows municipal credits, bond markets, and tax matters thoroughly. He should also have a good acquaintance with accounting practices, and must develop numerous contacts with securities dealers. He will be devoting the major part of his time to the portfolio. Liquidity may be maintained by frequent turnover of the investments, so that the goods on the shelf are fresh and are marked to market. This is particularly important in a declining phase of the bond market, so that one is not left with a high cost portfolio while prices drop away. In a rising market it is not necessary to mark prices up because the low cost will provide a good cushion for future sales when and as required. I am not saying that one should constantly offer bonds for sale. There is a fine distinction between making offerings and listening to bids, but if the owner of a list of bonds lets the dealers know that he is willing to sell and that he can give a prompt acceptance or rejection of bids, he will find that over a period of time he is getting very good prices for his bonds and that he is supplied with a fairly steady cash flow which gives him buying power. This buying power, if used intelligently, will lead to an accumulation of bonds at attractive prices, and will preserve the desired degree of ready marketability that is needed for liquidity. Such a process is very time consuming. It means that the investment officer must spend a good deal of time on the telephone in order to keep in touch with offerings and to know what investors are seeking. He will have to consider every new offering which is brought to his attention, perhaps by a dozen or more dealers the same day. In fact, he may have several calls from the same dealer in one morning.

Adjusting Maturity Schedule

One of the advantages of a constant rolling over of the portfolio is the ability to adjust the maturity schedule to meet the circumstances. It has been our preference as a rule to have maturities approximately equally spaced. We would buy five and six year bonds from time to time, and with the passage of time they would, of course, become shorter and we would buy on the long end. In today's market, however, there is not too much advantage yield-wise in the longer maturities, and one might prefer to concentrate in the one and two year group, perhaps adding some five and six year issues for future use, but avoiding the third and fourth years to some extent.

All of this, of course, takes time. The next best thing to having your own portfolio manager is to use your correspondent bank and your friends in the Municipal Dealer fraternity actively. They can be extremely helpful, and I am sure they will be more than happy to work in close cooperation. Close cooperation can be applied not only to the run-of-the-mill marketable bonds, but also to the occasional but important loan to a local Government unit. Local issues, such as tax anticipation notes, have a very limited marketability and can be considered liquid only if arrangements are made in advance for possible sale under an agreement to participate with one or more other investors.

A program of frequent turnover, which I describe as marking to the market, is likely to result in the realization of losses during periods of declining prices. These losses should be less than if sales are made under pressure at a time of real need for cash. Furthermore, if the transactions of a given year result in a net loss, this loss is a charge against taxable operating income, with a consequent reduction in tax liability. The loss can often be made up within a year or two by the higher yield on the reinvestment, and this higher yield will continue to maturity. Some banks find it convenient to use this increased income to restore the portfolio reserve or to build up an additional reserve for future losses.

Taking Losses and Being Ahead

A friend of mine defines liquidity as the ability to take losses. In some respects this approaches the problem more realistically than my own definition. It implies that you have a reserve set up to absorb losses or, at least, that we have the knowledge that we are getting sufficient extra income to absorb the losses and still be ahead of the game.

In keeping the portfolio moving it is not necessary to match purchases against sales. If you sell when you can obtain an advantageous price you should have no trouble in replacing the sale sooner or later through the purchase of a new issue or an offering in the secondary market coming from some other holder who is under pressure to raise cash. The reinvestment can be accelerated now or slowed up at other times, depending on your need for cash and your appraisal of the trend of the market.

Reinvestment should not be made in discount issues unless the quoted yield is enough higher to absorb the capital gains tax which will be payable at maturity or later sale. Remember that the effective rate of tax on capital gains could be as much as 52% if you are forced to take the gain by a maturity in a year which produces a net capital loss. That is to say the realized gain would reduce the net loss for one year and therefore it reduces the offset against operating income which, of course, is in the 52% bracket.

I have felt that municipals have been underestimated and to some extent misjudged. It takes longer to find buyers and it requires considerably more work, but when the higher income received during the whole period of retention is taken into account, the net result is usually substantially better.

Some banks may conclude that a certain amount of municipal bonds may be held for relatively permanent investment with little likelihood that they will have to be resorted to as a source of cash. For this purpose bonds of a somewhat longer maturity may be used. It would also appear proper to buy some tax-exempt issues maturing in one or two years on the assumption that they will not have to be sold, but can be locked up until they come due.

Wait Until Treasurys Change

If you do not now have a Municipal Account there is certainly no hurry to establish one. Even since the preparation of my first notes, yields on Governments have increased to such an extent that there is at the moment a small advantage in municipal issues. Consequently, some may prefer to stick to Treasurys and forget everything that I have pointed out at this time. However, I suspect that the day will come when spreads will again make it worthwhile to set up a Municipal Account or to increase our present holdings. A beginning of such a revolving account as I have described can be made on very attractive terms and can be the basis for a profitable program for many years to come.

*An address by Mr. Hauser before the New England Bank Management Conference, Boston, Mass., Oct. 16, 1959.

R. G. Mount with Paine, Webber Co.

(Special to The Financial Chronicle)

SAN FRANCISCO, Calif.—Robert G. Mount has become associated with Paine, Webber, Jackson & Curtis, 369 Pine Street. Mr. Mount was formerly in the dealer relations department of the local office of Kidder, Peabody & Co.

Haloid Xerox, Inc. — Copying But Not Imitating

By Dr. Ira U. Cobleigh, *Enterprise Economist*

Summarizing the progress and potentials of this extremely well managed company, dedicated to major advances in the field of visual communications.

The name, Haloid Xerox, is a bit difficult; but not when it is explained. The company was founded 56 years ago in Rochester, New York. It started out as a sensitizer of photographic papers and used "halogen" salt solutions to coat them. That's where the "Haloid" came in. Later on, in the 1930's, the company introduced Haloid Record Paper, the best photocopy paper at the time; and in 1935 offered a complete line of photocopy products — machines, supplies and equipment.

Ira U. Cobleigh

In 1948, Haloid Company acquired world patent rights to a process called Xerography (coined from two Greek words meaning "dry writing"). This big word then contracted, for trade work purposes to Xerox; and became the last half of the corporate title in 1958.

All very interesting; but actually what is this process that the Greeks had a word for? It's a fast, dry, clean process, using light and electricity for copying anything typed, printed, written or drawn, onto almost any kind of surface. It requires neither water, liquid chemicals nor sensitized paper. At first, Xerography was used to make single copies. Rapid technological advances soon made it the most versatile known copying process. Xerographic equipment became standard in many major industries, primarily for rapid and inexpensive preparation of offset-paper masters for multiple run-off on duplicators. Then came the Copyflo series of machines, big and automatic, which can copy papers at the rate of 20 feet per minute, and enlarge and print from a microfilm roll at the same velocity. The biggest Copyflo model costs $175,000.

All of these Xerographic and related products, some 120 in all, developed from Haloid research, had a dramatic effect on earning power. Sales have zoomed from $7¾ million in 1949 to over $27½ million in 1958. In the same period net profits expanded, at about the same rate, to over $1,600,000 in 1958. This is a remarkable growth; and the company has just announced a new product line calculated to keep the ball rolling.

On Sept. 16, 1959, Haloid Xerox heralded its entry into the fast growing office copying field with the unveiling of its new XeroX 914 Copier. You might think that, with some 30 companies already turning out copy machines for business offices, Haloid is bold indeed to enter such a highly competitive market. Squaring off with such giants as Eastman Kodak and its Verifax, and Minnesota Mining with its Thermofax is no light assignment. But Haloid is eager to enter the field for three reasons: (1) the office copying market is a $70 million a year one now, and should treble in five years (2) Haloid believes it has a far superior product (3) Haloid believes its new model may, in due course, add 50% to its annual sales, with a corresponding upsurge in its net profits.

What is there about this XeroX 914 Copier that makes the company so assured and so enthusiastic? Just this. It is the first and only copier which makes copies on ordinary paper. All other machines require relatively expensive sensitized or specially treated papers. You simply set a dial at the number of copies wanted; then touch a button and the 914 goes to work turning out, from the first to the last, perfect, photo-exact, curl-free copies at the rate of six per minute. All copies are automatically reproduced, the machine stacks them, and shuts itself off. The "914" comes from the fact that copies may be made from any paper up to 9 inches by 14 inches in size. This includes copying from bound books, magazines or manuscripts; and reproduction of colors.

How does Haloid expect to market the XeroX 914? The company has not yet set a sales price on it; and plans, for the most part, to lease the machine at $95 a month. How will this work out in cost comparison with competing machines? This way. If an office makes 2000 copies a month, the cost is about four cents a copy. If more than 2000 copies a month are made, there will be a slight additional rental of so much a copy, reducing as volume increases. The costs on competing machines run variously anywhere between four cents and ten cents. Haloid expects to have this exciting new XeroX in production early in 1960.

There is no reason to expect that Haloid's new products will end with the "914." No indeed! Haloid has one of the most alert and progressive research departments in this, or any other, industry. There's a brand new $3½ million research building on its way to completion at Webster, N. Y., and the company is now spending over $2 million a year on research and development. Vice-President in charge of the diverse delving of a staff of 200 scientists and technicians is Dr. John Dessauer. On the fire for future delivery are such items as microfilm enlargers, printers for computers, for radar and for high speed facsimile transmitters.

Heading up a smart, youthful and energetic management echelon at Haloid is Mr. Joseph C. Wilson, President. He's versatile and a highly competent executive in the technical, sales, and financial ends of the business. And his arrangements for public relations leave little to be desired. Within a single week in September, his picture appeared on the cover of "Business Week," and there was a story on the company within; he presided at a big press luncheon at the Sherry Netherlands in New York to introduce the "914"; and he was made Chairman of the Board of Trustees of Rochester University.

Here we have a quite unusual company moving rapidly forward in an area of rising demand. And, with increasing frequency, Haloid-Xerox common is being referred to as a "growth" stock. It should be. With allowance for a 3 for 1 split in 1955 Haloid common has advanced (over-the-counter) from a low of 2½ in 1947 to a high of 116 this year. Present quotation is around 110 with an indicated 80 cent dividend. Obviously few investors would be attracted to Haloid by its current yield; but forward looking buyers whose main target is long range capital gains might do well to look carefully into this unique equity.

There are only 826,247 shares outstanding, preceded by $4,800,000 in long term debt and $2,000,000 in $5.25 preferred. Since 1917 dividend on the common has been paid in every year except 1930. There are, today, about 3,400 stockholders.

For 1959, Haloid sales should exceed $30 million for the first time, and per share net is expected to increase from the $1.96, reported for 1958, to $2.25 this year. Ahead lies the promise of the new desk size XeroX 914 Copier, and some of the other interesting new products mentioned earlier.

We live in a duplicate world. Paris styles are presented, and there are American copies; somebody produces a popular compact car, and other manufacturers copy the idea; every business letter has one or more copies; and government offices are famous for laminated copies of everything written. This modern need for copies, by the millions, of business and government documents, records, blue prints, orders, reports and instructions is a fact of life. Serving this need with vision and vigor is Haloid Xerox. It copies but does not imitate.

Philadelphia Inv. Assn. to Hear D. P. Eastburn

PHILADELPHIA, Pa.—Robert Arnold of The First Boston Corporation, and President of the Investment Association of Philadelphia, announced that the first Fall luncheon meeting of the Association will be held on Friday, Oct. 23 at The Engineer's Club, Philadelphia.

The luncheon speaker will be David P. Eastburn, Vice-President in Charge of Research of the Federal Reserve Bank of Philadelphia. His topic will be "The Federal Reserve in Today's Economy."

Herbert S. Bengtson of Schmidt, Roberts & Parke, is in charge of arrangements.

Howard C. Sheperd Named Chairman Of Fund Group

Former Chairman of First National City Bank of New York assumes new post on Nov. 1.

Howard C. Sheperd has been elected Chairman of Fundamental Investors, Diversified Investment Fund and Diversified Growth Stock Fund, succeeding William G. Brady, Jr., who has retired. He will assume his new post effective Nov. 1 when he retires as Chairman of the First National City Bank of New York.

Howard C. Sheperd

Individual and Overall Stock Market Outlook

By Edmund W. Tabell*, Director of Institutional Research, Walston & Co., New York City

Mr. Tabell analyzes the near and far-term stock market outlook, and offers his investment likes and dislikes of particular companies within major industry groups. He diagnoses the present market decline as a technical correction rather than a start of a major decline; perceives probable D-J average of 750 level sometime in 1960 or 1961, followed by a decline to the 550-525 level and a lengthy consolidation period of several years; and expects disappointing earnings in last half of this year and prolongation of the business cycle, because of the steel strike, will be followed by first half of 1960's earnings surpassing the $11.00 D-J Industrial earnings for this year's second quarter.

In my opinion, the stock market is in the final phase of the 10-year advance that started in 1949. Such long term advances usually consist of five phases, three of advance and two of decline. The initial phase was the advance from 160 in the Dow-Jones Industrial average to 295 in 1952. This was followed by the second phase, a relatively mild consolidation that carried the Industrial average back to 254 in 1953. From the 1953 low, the market advanced to 525 in 1956 and completed the third phase by a broad topping out period followed by a rather steep fourth phase decline to 416 in 1957. Thus, it appears that the advance that started in October, 1957 and is now 24 months old, is the final phase of the broad long term advance from the 1949 low of 160.

Edmund W. Tabell

Did this long term advance reach its top at this year's high of 683 reached in August? It is possible that it did, but my technical action graphs suggest that it did not. Firstly, a study of previous major advances indicates that the advance from the October, 1957 lows is well below average as far as both time and percentage increase are concerned. The average time duration of 14 major advances since 1884 is 30 months. If the high was reached in Aug. 3, the advance had a time period of 21 months from the actual low in October, 1957, but only 16 months from April, 1958 when the advance actually started. The average percentage advance of the 14 previous major advances has averaged 105%. The present advance from the October, 1957 low to the August high of this year has been only 63%. Also, it would appear that the upswing in the business cycle still has somewhat further to go. The average length of an advancing business cycle is 27 months to three years. The present upswing started in April, 1958 and has lasted only 18 months. The long steel strike, while it will probably result in disappointing third and fourth quarter earnings, will prolong the business cycle and earnings for the first two quarters of 1960 will probably surpass the $11.00 earnings on the Dow-Jones Industrials shown in the second quarter of this year.

Sees No Major Decline

Much of the above has been based on an average of past performances and it is, of course, entirely possible that both the present stock market and business cycle will be below average. On the other hand, it is possible also that both could be above average. The final phase of a long term cycle usually is quite dynamic with much speculative activity and a sharp increase in trading volume in the stock market. It is quite probable that sometime in 1960 or 1961 the Dow-Jones Industrials will reach about the 750 level, but individual issues of a more or less secondary character could move ahead much more percentage-wise. In short, it would appear that the decline from the August high of 683 to the recent low of 613 is a technical correction rather than the start of a major decline. Volume indications appear to substantiate this opinion. The heaviest volume in the downward move was in the first phase of the decline from Aug. 3 high to Aug. 10 low when the average dropped from 683 to 640. Volume since the initial downward move has been at a lessened rate. This is contrary action to that witnessed in a major downtrend when volume increases on each new low. Subject to some year-end irregularity, I would expect the market to work higher through at least the first half of 1960. After the market reaches a high sometime in 1960-1961 at an approximate level of 750, I believe the market will decline to around the 550-525 level. After that, the probability is a lengthy consolidating period extending for several years—a period similar to 1946 to 1949.

At the moment, the market is about in the middle of the expected 750-550 range that might hold for several years to be eventually followed by an upside penetration. From here on, the action of individual groups and issues will be of more importance than the action of the various averages.

Mixed Outlook for Individual Groups

The outlook for individual groups is mixed. Taking the major groups in alphabetical order, we find that **Airplane Manufacturing** issues have probably reached their lows after a steep decline from the highs made earlier in the year, but have no great upside potentials. **Airlines**, on the other hand, have relatively strong technical patterns. I particularly like **United Airlines, American Airlines** and **Northwest Airlines**. The **Aluminum** issues also have strong technical patterns. My favorites have been **Reynolds Metals** and **Kaiser Aluminum. Aluminium, Limited,** has been behind the market and probably is also a good buy under 35. In the **Apparel** group, I believe that **Cluett Peabody** is outstanding, with a very interesting future in its 50% ownership in Clupak, a company that has a process for making stretchable paper. The **Automobile** group looks forward to a good 1960. My favorites are **American Motors** and **Ford**. In the **Automobile Equipment** group, **Borg-Warner** appears reasonably priced. **Bendix** could also be included in this group. In the relatively small field of battery manufacturers, **Electric Storage Battery** has considerable appeal. Most **Building** stocks have relatively mediocre patterns. **American Seating**, a specialty in the field, however, has an above average pattern. The **Carpet** stocks also have speculative appeal with **Mohasco** and **Bigelow Sanford** showing the greatest upside potential. The **Cement** issues have been relatively depressed, but are beginning to show signs of increasing relative strength. My favorite in this group is Penn-Dixie Cement.

The **Chemicals** have shown increasing profit margins since the beginning of the year, and the huge expansion program started in 1955 appears to be showing tangible results. Among the attractive issues in this group are: **Allied Chemical, Diamond Alkali, DuPont, Ferro, Hayden - Newport, Monsanto, Pennsalt** and **Spencer.** The **Coal** group also shows some interesting potentials. **Consolidation Coal** is my selection. **Pittston** also appears attractive. The **Copper** group appears oversold, and is probably near its low, but there is no sign of any immediate upward move. The **Drug** stocks appear high enough for the time being. These will probably undergo a consolidating phase. One issue in the group that indicates higher levels, regardless of group action, is **Vick Chemical.**

The **Electronics** stocks in most cases reached their upside potentials earlier in the year and will probably undergo a rather lengthy consolidating phase. There are several issues, however, that appear attractive for long term holding. Among these are **Ampex, Consolidated Electronics** and **Litton Industries.** The **Food Packing** stocks have mixed patterns. Two issues with above average attraction, however, are **H. J. Heinz** and **Stokely-Van Camp. Food Chains** have dipped lower after very impressive action in the early stages of the present advance. They are probably at a buying range at around present levels, but there is no indication of any immediate upward move.

The **Liquor** stocks have long term attraction as well as interesting near term potentials. **American Distilling, National Distillers** and **Schenley** appear to be interesting holdings. The **Machinery** group covers a great deal of territory, but there are several interesting issues in this group. Among them are: **Caterpillar Tractor, Cooper - Bessemer, General Precision Equipment, Jaeger Machine, United Shoe Machinery,** and **Mesta Machine.** There are interesting possibilities in the **Mail Order** group also. **Montgomery Ward** is my selection. I believe this stock is undergoing a major trend reversal.

I am also very bullish on the **Meat Packing** industry. I originally recommended **Wilson & Co.** around the 15 level two years ago. Despite its sharp rise, it still looks attractive: **Armour, Morrell** and **Swift,** also have interesting technical patterns. As a speculation, **International Packers,** is outstanding. The **Natural Gas** stocks have been laggard for a long time and further patience may be required. **El Paso** has interesting potentials. The **Office Equipment** group, with the exception of **International Business Machines,** has been showing relatively poor action. I believe this group can be avoided.

The **Oils,** of course, have been a great disappointment. They are probably oversold at around present levels, but I do not look for any hurried upward move. They will probably continue to be under pressure with institutional accounts gradually cutting down their participation in this group.

The **Paper** stocks are one of my favorite groups. The over-capacity that existed in this industry, brought about by long term planning, is gradually being corrected by the anticipated increase in demand. The whole group appears attractive, but with **Kimberly-Clark, Mead** and **West Virginia Pulp** among the more attractive issues. West Virginia Pulp, incidentally, owns the other half of Clupak, which I mentioned before in connection with Cluett Pea-

Continued on page 25

Stock Market Outlook Over the Coming Months

By Alan C. Poole,* Stock Market Analyst Hemphill, Noyes & Co., New York City

New York analyst comes to a bearish conclusion in his scrutiny of the factors influencing the stock market over the coming months. He offers advice regarding the present minor recession in stock prices and picks out some of the good values said to be available at the time of writing. Mr. Poole finds disturbing the significantly increased odd lot buying during recent rallies; opines that the breadth of the market—as defined—has broadened but not sufficiently to indicate an oversold condition; and recommends investors sit on the sidelines with ample cash or fixed income securities until far reaching effects of the steel strike are known.

Today the outlook for the economy and the stock market depends upon the final outcome of the steel strike possibly more than it does on any other event. Unless a mutual agreement is reached between steel management and the unions within the next week, which I feel is highly unlikely, we may be in for some serious trouble. In the first place, the unions have indicated that they will fight a Taft-Hartley injunction in the courts and if they lose it may be assumed by implication that the workers will not break their necks to get steel production back to full capacity. Furthermore it appears, that even if steel production were to be resumed next week, the full effects of a record-breaking 96-day strike have not yet been felt and these will show up in further cutbacks of production by certain companies, layoffs and some very disappointing 1959 earnings reports compared to what we expected even a month ago. In this environment we may look for a deterioration of investor confidence and possibly even consumer confidence.

Alan C. Poole

Let us look at some other factors that may influence stock prices. Tight money undeniably is going to be felt by the economy as it already is being felt as indicated by the reduction in housing starts. This is further affecting bond prices to a point where yields on high-grade bonds are approximately 1½ percentage points higher than those on high-grade common stocks. Certainly they must be reaching a point where they are attracting some institutional interest. Even the general public is becoming interested in bonds as evidenced by the recent demand for the Treasury 4 year 10 months 5% notes. Finally, at 640 the Dow-Jones Industrial Averages are at 16 times a liberal 1960 earnings estimate of $40 on these averages, a ratio the averages have been at in only four of the past 20 years. Obviously such a stock market could be quite vulnerable to any adversities.

On the plus side, we have in the first place a Presidential election year coming up. In 7 of the past 10 Presidential election years the stock market has advanced significantly sometime from the beginning of the year a point prior to the elections. Secondly, economists tell us that once the steel strike has been settled we will have another business boom while inventory pipelines are being filled up again. Finally, we are told that there are large sums of money sitting on the sidelines awaiting investment.

Advises Posture of Caution

We still do not know how far-reaching effects the steel strike will have on the economy and until they become more clearly defined I believe one is well advised to sit on the sidelines with ample reserves in cash or fixed income securities.

Technical analysis of the market has been of particular value in the past couple of years. For example, in March, 1958, when the economic picture looked particularly gloomy and many people were very pessimistic about stock prices, the alert chartist would have detected a strong bottoming out of the stock market averages and a base for a new and sustained rise. Since early this summer the technical pattern of the market has been deteriorating as volume declined during the final phases of the upward trend, and breadth of the market measured in terms of both advances and declines and new highs and new lows narrowed.

Sees No Oversold Condition

More recently volume has picked up on declines and for the most part decreased on rallies. Breadth of the market once again in terms of new highs and new lows and advances and declines has broadened but not sufficiently to indicate an oversold condition. More disturbing is the fact that odd lot buying has increased significantly during recent rallies. In early September the upward trendline was broken at 640 in the Dow-Jones Industrial Averages and the support line at 156 in the rails. As yet no firm bottom has been established, but the recent rally has moved the averages above the lows of 616 in the Industrials and 150 in the rails. Penetration of these two points on the downside would signal a bear market, according to the Dow Theory. The last bear market was signalled in 1946 when the Dow-Jones Industrial Averages fell below 186 and declined almost 15% further.

Personally I look for prices at least 10% to 15% lower from today's levels as measured between now and the end of March by any generally accepted market average. At that time there may be some very good values offered in equities.

Picks a Few Good Values

Since World War II there have always been some good values available in the stock market and I have picked out what I believe to be a few of these.

Aro Equipment — A the recent price of 22 this stock is selling at 11 times estimated 1959 earnings of $2 per share and yields 4.6%. This is a remarkably good value when one considers three things: (1) The company has operated in the black and paid dividends every year since its incorporation in 1930; (2) Through its recent acquisition of Firewel Company, Aro has expanded its position in

the space program; (3) The company has become a leader in the air tool field as a result of its newly-developed silent air tool.

Copperweld Steel — This company is not on strike. The stock at 49 is selling at less than 10 times a conservative 1959 earnings estimate of $5 per share. The company's "Alumoweld" process is expected to contribute importantly to its growth and higher earnings are expected in 1960.

Garrett Corp.—This stock at 42 offers one of the very few opportunities to invest in the "space age" and receive almost 5% return based on the $3 dividend. In three of the past four years a stock dividend has been paid while average earnings for the past five years have been $4.57 per share. For the more conservative investor the convertible debentures may be purchased with a relatively attractive yield.

Parker Rust Proof at 29 sells at less than 15 times 1959 estimated earnings and yields 5.2% based on its $1.50 annual dividend. The company has paid dividends every year since 1924. A newly-developed process for bonderizing aluminum could be an important contributor to the company's growth.

Other stocks that look interesting to me here are: **Ampex** and **Polaroid** for long-term growth; **Motorola** as a good value in electronics; **Martin Co.** as a participant in the missile field and **Monsanto Chemical** as one of the better values of the blue chips.

To conclude, I wish to point out as I'm sure my colleagues will do, that I am bullish for the long-term of America and that the bearish statements that I have made at this time do not necessarily apply to the person who is buying stocks for 5 or 10 or 15 years in the future, but I do feel that we should exercise a great deal of caution at the present time because I feel at best we are in a minor recession in stock prices and at worst if things develop unfavorably, we are now in a bear market.

*An address by Mr. Poole before the Customers' Brokers Association, New York City, Oct. 13.

Soren Nielsen V.P. of Beil & Hough

ST. PETERSBURG, Fla. — Soren D. Nielsen, with Beil & Hough, Inc., 350 First Avenue, North, as a Trader since February, 1957, has been elected Vice-President of that firm.

Soren D. Nielsen

Mr. Nielsen has been continuously in the investment business since 1926 and with the exception of 1942 to 1945 when he was serving in the U. S. Army.

During this time, Mr. Nielsen has been associated with a number of firms. He was employed by P. W. Chapman & Co., where by 1928 he had attained the position of Assistant Trader. In 1932 he became associated with Allen & Co. as a Water and Real Estate Bond Trader. He has also been associated with Newburger, Loeb & Co., and with New York Hanseatic Corporation where he was Assistant to the Dean of the Bank and Insurance Stock Traders. His last association in New York before coming to Florida was with Tucker Anthony & Co.

Mr. Nielsen was active in the formation of the St. Petersburg Stock & Bond Club, of which he is currently President.

Non-Conformist Policy In a Non-Conformist Era

By S. B. Lurie, Research Partner, Josephthal & Co., New York City*

Research analyst arrays new forces and dynamics said to require greater sophisticated and flexible market philosophy. He selects some examples of industries and companies that should be considered to illustrate the fundamentally changed investment climate said to now exist. Mr. Lurie says, "we've seen the average highs for a long time to come"; opines the bond business will be better; and notes the need for a major market decision has been postponed until 1960.

We are living in a revolutionary era—one where changes of far-reaching significance take place almost daily. As a result, this is an era which demands flexibility. An era where the conformist will only be baffled and bewildered. Note the following:

Sidney B. Lurie

(1) The securities business is more professional than ever before in history. The customer's man knows something about securities—and the analyst has become a salesman. It's an era of more information—more knowledge. The margin speculator no longer dominates Wall Street.

(2) The Stock Market is more respectable than ever before in history. It is now absorbing the major portion of the investment dollar. It is a commuter train—not a carriage trade business.

(3) We've just passed a milestone in the Bond Market—and bonds will become more respectable in the next decade. 5% is apparently the return at which capital is willing to go out for hire. This is normal.

(4) The bitter steel strike probably marks the end of a labor era which started 25 years ago. Wall Street has completely overlooked the fact that the Landrum-Griffin Bill was passed by Congress and the pendulum is swinging the other way.

(5) We're becoming a steadily better-educated people and the higher the level of education the greater the demand for quality goods. This emphasis on the good things is as important as the fact that fun has become big business.

(6) There's been a bloodless revolution in the world, too. Witness the fact that even Mr. Khrushchev wants a higher standard of living for his people. Whether it be because of the jet plane—or because of the Atomic Bomb, war no longer is an instrument of power-politics.

(7) Prosperity, bull market and mutual funds no longer have an exclusive "made in America" label. There's tremendous boom in the European Common Market countries. Interestingly, Europe now is more interested in their own securities than in our stocks. The flow of capital is being reversed.

(8) The compact car spells a revolution in automobile retailing. There'll be more two-car families—and the compact car will move out of the Country Club set to Main Street.

(9) There's a revolution taking place in our economy, too. The biggest increase in our population is taking place in that segment which consumes the most. Furthermore, there is an entirely different concept of spending and living than ever before. People are marrying younger, have more children per family, and parents no longer live with their children.

This is a revolutionary background of new forces, new dynamics and it calls for an entirely new market philosophy. This is no time to be the "man in the grey flannel suit." The need is for a more sophisticated, more flexible market philosophy than ever before in investment history. For example:

Offers Examples

(1) This is a good time to become familiar with foreign securities—such as the British steels.

(2) It's a good time to become familiar with the American companies which have large foreign investments—for sales growth and profit margins are higher outside the United States. International Harvester comes to mind.

(3) This is an excellent time to pay less attention to corporate size and scope—to labels—than to individual prospects. Where were the stars of 1958-'59? In the lesser-known companies — rather than the "blue chips."

(4) This is a good time to stay away from companies suffering from the organization man — the corporate image. It's an excellent time to look for those with the "sweet smell of success" and this is usually found in the smaller companies.

(5) It's a good time **not** to pay a high price for glamour—or to look for the one four-leaf clover in a two-acre plot which has lots of three-leaf clovers. Some of today's glamour babies later will be as unfashionable as last year's sack dress.

(6) This is a good time to do what comes naturally—to take the common sense approach.

For example:

If people are going to spend more than ever before—**May Department Stores** and **W. T. Grant** may be very attractive. . . .

If fun is big business, people will watch television, go to the movies — which brings to mind **American Broadcasting-Paramount Theatres** and **Motorola**. . . .

People will travel more and will use the new jets — which means the airlines such as **North West** and **United** are quite interesting. . . .

If we're going to have a big automobile year, **Borg-Warner** is an **obvious** and easy way to speculate on the group without running the risks of consumer preferences for a particular model. . . .

If the nation is going to continue to "live high on the hog"—the meat packers such as Armour are interesting.

We certainly are going to continue to live in a technological revolution—and the biggest of all is getting the least publicity, namely, the increased use of oxygen in steel making. This could be as big a revolution as the continuous rolling mill was in the 1930's. **Harbison-Walker** comes to mind.

This is a good time to take a look at the depressed companies with a new look—such as **Standard Oil of New Jersey**.

We, in this business, make many mistakes. One is the fact that we give too much for nothing. (There are lots of girls riding around in mink coats and cadillacs who have discovered it pays to advertise—and get paid.) Another is the fact that we generalize when people are interested only in statistics. Nobody buys the averages or the Market as a whole.

But I'm sure most everybody wants generalizations, if only because they help make a headline. Here are six:

(1) This is a period where selectivity will come into its own. It's a word which has been much abused and scoffed at—but not properly understood. It's really the key to success.

(2) The Averages are in a broad trading range for the rest of the year—and we've seen the average highs for a long time to come.

(3) There'll be a greater interest in the Bond Market than at any time in the past decade. And the bond business will be better.

(4) The Stock Market, as a whole, probably will be less buoyant than it was—but it will be more rewarding. The pay-off for knowledge is greater than ever before.

(5) While the investment climate probably has undergone a fundamental change, the need for a major Market decision has been postponed until 1960.

(6) In this period, we'll see temporary phases of excitement — such as the recently revived speculative interest in the rocket stocks. Basically, however, this is nothing more than the numbers' players trying to out-guess each other. Later on, we'll probably find Wall Street re-discovering the Golden Sixties—and there'll be new lists of leisure time businesses. Now is the time to anticipate those lists.

One of the Dodgers' attributed the Club's success to the fact that it had heart. Wall Street, too, is a place where: "You Gotta Have Heart!"

***An address by Mr. Lurie before the Association of Customers' Brokers, New York City, Oct. 13, 1959.**

Where Does Growth Money of Companies Come From?

By F. Kenneth Melis,* *General Partner, F. Eberstadt & Co., New York City*

Primer on how companies go about obtaining growth financing offers a step by step explanation from a new company's inception to the time its stocks are listed and debentures are accepted. The investment banker, associated with a firm with considerable private and public financing experience, singles out finance companies for particular attention; examines the "pros" and "cons" of private placement and public offerings and evaluates helpful marketing techniques; nuances the additional things that help along particular kinds of capital financing; and outlines services performed by commercial and investment bankers.

I thought in approaching the subject it might be best to follow a company from its inception through the time when its common and preferred stocks are listed on the New York Stock Exchange and its debentures are held by leading insurance companies and pension funds.

F. Kenneth Melis

Initially, X Company will probably derive its funds from the personal finances of the founders, from friends of the founders and from banks. At inception of operations, X Company will have to make a decision which will influence its course of action for some time. Undoubtedly many have had to decide whether to borrow from banks on a secured basis or on an unsecured basis. Choice in this matter would probably be dictated by the conditions that exist in an area and the standing with the banks in the community served. Bank borrowings on a secured basis are usually a larger multiple of the company's capital than if borrowings were unsecured. Also, money cost is lower because deposit balances are not required and a lower interest rate is usually offered. In some areas, companies are able to obtain substantial amounts by this means. One instance has come to my attention where the borrowing company has been able to borrow over fifteen times its capital funds on a secured basis.

Rediscounting Facilities

Later X Company may discover it is no longer able to increase its bank borrowings. The management of X Company then may decide to utilize the rediscounting facilities of other finance companies.

These companies may be larger small loan companies that have a rediscounting division or commercial finance companies which operate in this field. The rediscount companies generally make loans in amounts ranging from two to three times the capital and subordinated funds of the borrower.

Generally all of the notes generated by one or more of the borrower's offices are assigned to the lender under a pledge arrangement. Funds are only advanced against the acceptable loans in amounts equivalent to around 80% of the small loans open and outstanding. Delinquency is the usual reason for causing a receivable to be treated as unacceptable. Any new loan which has paid its first note balance and interest in the first 60 days is usually acceptable. Old accounts are acceptable if 50% of the scheduled balance due in 90 days prior to the audit has been made or if the preceding five months' full interest has been paid plus a nominal payment on the principal.

Normally this type of borrowing is limited to companies having net worth and subordinated indebtedness of at least $100,000. In the event the company is closely held the personal endorsement of the owner is required.

The cost of funds obtained from finance companies generally range from 9% to 13½% depending upon the circumstances of the borrower. Although the cost of this type of financing is higher than other sources, no deposits are required so that costs are limited to funds actually borrowed. Also, the people at the rediscount companies have had considerable experience with small loan companies and therefore are able to make suggestions that are helpful to the management, particularly during initial stages.

There are a number of finance companies engaged in rediscounting small loan paper, including Walter E. Heller & Company and James Talcott, Inc., Associates Discount, General Rediscount, Standard Financial, A. J. Armstrong, Finance Co. of America and Bankers Commercial. Harry Abrahams at Heller and Ed Fitzgerald at Talcott specialize in this field and furnished the above information.

At this stage of its growth, X Company should explore another source of funds—the sale of subordinated notes, thrift certificates, deferred income notes, or debentures under various names to individuals, banks and other institutions in its local area. It may be able to sell five to 20 year subordinated and junior subordinated notes bearing interest of 5% to 6% in amounts up to five times the Company's net worth. This, of course, is a very attractive form of financing because normally such debentures contain few restrictions. Also, selling costs are low because this type of issue is most effectively sold by the company's principals. Holders may be required to wait up to a year to redeem their notes by the terms of the notes but companies usually pay promptly upon demand of payment by a holder. This is reassuring to existing and prospective holders. The company, however, has protection against heavy redemptions in a period of stress. These notes are sold to relatives, friends, associates of the officers and employees of the company and in some instances to fraternal organizations, unions and other similar organizations. The holders of the notes become "silent salesmen" for the company. Owners of companies who have sold issues of this type have said that their reputation and active participation in civic and community affairs have been helpful. As long as the sale of the issue is restricted to residents of a single state, the SEC will not be involved. Lawyer can advise as to the filing requirements of a state which are usually simple and inexpensive.

Shorter term notes have also been sold by some finance companies. They have found that when money is not tight banks and other institutions will purchase paper maturing in 90 to 360 days at a rate slightly above the prime rate. One problem with this type of financing is that it tends to disappear when money is tight and need is greatest. Commercial paper sold through commercial paper brokers is difficult for finance companies with net worth of less than $2,000,000 to sell.

Using Insurance Bank Deposits

Another method of increasing the funds available to a company which has reached the lending limits of its banks is to use the funds of certain insurance companies which will deposit funds with the company's banks to meet the 15 to 20% deposit requirement. This frees the funds for company use. Normally the insurance company deposits its funds for a specified period of time, such as three to six months, and the finance company pays the insurance company 1% (or more) over the finance company's bank rate for the period of the deposit. The Resolute Life Insurance Company of Hartford, Conn., is one company which makes such funds available to finance companies. Many banks, however, are not willing to accept deposits from outside sources.

Private Placement or Public Offering

By the time X Company has exhausted some or all the above sources of funds, and assuming it has a net worth of, say, $500,000, and earnings of $50,000 to $75,000 after taxes, it should consider the advisability of raising long term funds by selling notes to insurance companies and other institutional sources through a private placement or by means of a public offering registered with the SEC. It would probably explore the private placement route first because of its simplicity and lower cost.

X Company should consult its counsel to ascertain that its proposed private placement does not violate the Securities Act of 1933. Briefly, any offering of more than $300,000 or an offering toresidents of more than one state requires registration unless it qualifies as a private placement. To qualify as a private placement an offering should be intended for, and only offered to, sophisticated institutional purchasers or a limited number of individuals who purchase for investment and not with an intention to distribute. Legal authorities differ as to the number of persons to which such offerings that can be made but most would agree that 25 to 50 would cause no difficulty provided, of course, the offerings were to persons who regularly purchase such issues. Placements of convertible issues or issues accompanied by warrants are ticklish because there will be a sale or a distribution of the common stock if the issuing company achieves the anticipated growth. There are a number of legal points on the question of registering convertible issues or those accompanied by warrants, particularly since the Crowell Collier ruckus.

The Size of the Market

The size of the institutional market is as follows: There are approximately 120 life insurance companies each with assets in excess of $50,000,000, some 35 colleges with endowment funds of $25,000,000 or more and innumerable pension funds, retirement funds, and various other funds and trusts. These constitute the main direct placement market for finance companies, but pension funds actually limit their purchases to the top three or four finance companies. In addition, there are institutions that have special interests. Casualty insurance companies, for instance, require liquidity and usually are reluctant to place their funds in the unregistered, long-term debt securities offered by most finance companies. Some do purchase

Continued on page 28

THE MARKET . . . AND YOU

BY WALLACE STREETE

The past week's market was dominated by the news about the steel strike—with sudden successive reversals following the fluctuations between hope and doubt of a settlement. The bears had the upper hand, even when calling-off of the strike appeared to be imminent; because of the realization that in any event the producers' earnings and dividends will be sharply curtailed. Republic and Youngstown, the first companies to report on their third quarter operations, showed substantial deficits. Moreover, Taft-Hartley or not, production and employment troubles are spilling over into other industries. This is reflected in a further one-point drop to 148 in the Federal Reserve Board's production index. In July it stood at 153, and its pre-strike level of last June was 155.

Economy Strong Spot

One of the economy's continuing strong spots is constituted by the consumer sector. Retail sales in the first seven months were 9% over last year. This was divided between 6% in non-durable goods, and—in contrast to the 1957 depression—a 16% rise in durables.

Utilities Stirring

After their recent pasting attributed to the public's consciousness of higher money rates, the utilities are beginning to stir up interest in some apparently far-sighted quarters. It is figured that they provide double-barrelled attraction; namely, in facing stimulation from an eventual decline in money rates, or from growth, or both.

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Among the better-liked companies is Commonwealth Edison. For some time this leading utility's net income has been rising by about 9% annually, which has worked out at a 5% increase per share net. The company is exceptionally well situated to take advantage of the suburban boom adjoining the city of Chicago. Under the company's new dividend policy, part of the earnings are paid out in cash, and the balance making up the total, in stock. Thus, the cash dividend is now $2, yielding 3½%, plus a distribution in stock estimated as the equivalent of $1.40—the total affording an effective yield of 5.7%.

Cement Issues Reviving

During the bull market of 1958, the cement issues will be recalled as having been strong favorites, including "top billing" by the mutual funds. This year, however, beset by decreased highway activity and keener competition, the industry has lagged in both profits and popularity. Differences regarding depletion allowances with the Treasury have also hurt. However, the prospects are now looking up again, with a price increase expected after the turn of the year. Typically, Penn Dixie at a price-earnings ratio less than 10 times the expected 1959 net of $3.49 a share, and a dividend yield of 4.4%, looks reasonable to some analysts.

Technical Indicators Augur Well

The "technical boys" are beginning to see bullish signs in the market picture. A "bullish sequence," with new base lines are held to be forming, with a spring-board in the offing, hence the D-J average's jump back to the 650 level will soon occur.

Interest in and From Bonds

Dramatized by the resounding reception which greeted the Treasury's offering of "Magic Fives," and the persistently high money rates, public interest in the bond sector is constantly rising. The attention of individuals in medium as well as high tax brackets has been spilling over into the tax exempt field. For medium term double-A issues now yield a non-taxable 3.70%, with triple A's available on a 3.40 basis. Generally overlooked by the public are the high net-after-tax yields now available from low-coupon, large discount Treasury issues (over 3% net by individuals in a 50%-or-over bracket). And heavily-discounted tax-exempts as well as Treasuries could well come through with a windfall of capital gains before their maturity dates.

[The views expressed in this article do not necessarily at any time coincide with those of the "Chronicle." They are presented as those of the author only.]

F. H. Henjes Joins Williston & Beane

Frank H. Henjes, Jr., has joined the staff of the Municipal Bond Department of J. R. Williston & Beane, 2 Broadway, New York City, members of the New York Stock Exchange, it was announced by Alph C. Beane, directing partner.

Mr. Henjes was formerly in the Investment Department of New York Life Insurance Co. and, prior to that, a municipal bond trader for Equitable Securities.

Granbery, Marache Opens Boston Office

BOSTON, Mass.—Granbery, Marache & Co. has opened a branch office at 45 Milk Street. Robert C. Mann and Donald L. Willis are associated with the office as registered representatives.

Factors Affecting Business And the Economy's Course

By David Rockefeller, Vice-Chairman, Board of Directors, The Chase Manhattan Bank, New York City*

A 4% growth rate instead of our average 3% advance is realizable in the 1960's, according to Mr. Rockefeller, if management pushes policies and programs assuring a greater rise in productivity than has been the case until now. Management is advised to wed business with science so as to create new products, new methods or markets, and to develop a higher level of skilled management capable of projecting future needs and organizing to meet them more effectively. Moreover, the banker urges greater cooperation between business and Government to solve, for example, the incredibly large problem of transportation and urban redevelopment, and outlines the challenges confronting business in the international scene. In passing, Mr. Rockefeller envisions large institutional savers seeking a voice in the management of a firm in which they hold shares; and doubts we will return to the low interest rates of the 1930's-1940's.

The shape of the American economy a decade hence is not something that is pre-determined and bound to occur under any and all circumstances. Quite the contrary. The economic evolution of America over the next 10 years will depend to a major extent on the action of business itself — on the policies it pursues and on the wisdom, enlightenment and drive with which the managers of business carry out their essential tasks. Thus we need to understand trends and the forces back of our policies not out of passive curiosity, but rather so we can see how and in what way they should be modified.

David Rockefeller

In short, I want to do three things: First, I should like to outline briefly what appears to be the potential for economic growth that lies open to the United States over the coming decade; second, I want to offer a few observations on policies and practices which I believe management must pursue if America is indeed to realize this potential; and third, I shall comment briefly on certain challenges that confront business in the areas of government and international affairs.

Sees Faster Than Normal Growth Rate

What then about the economic potential that lies ahead? Perhaps the simplest and most direct way to express this is to say that the American economy is capable of growing at an average annual rate of 4% over the next decade; and that such a rate, if realized, would result in a Gross National Product of $750 billion in 1970—half again the level of today, and this assuming no change in the value of the dollar. I might go on and say that a 4% growth rate is greater than our country has normally experienced in the past. Over the past century, lumping good years with bad, our average rate of advance has actually been closer to 3%.

What are the elements in our situation today which give an added impetus to the American economy and hope that we can grow at a faster pace than we have in the past? The answer does not lie, as some people think, in a mere increase in numbers of people. True, our population is growing and to a substantial degree. By 1970 the projection of the census would carry our numbers well past the 200 million mark—to 210 million in fact. But that is a rate of growth of about 1½% a year, actually a bit less than that which characterized our country over the long stretch between the Civil War and the 1930's. Furthermore, if we are to be truly precise, we must recognize that the increase in working population (the actual numbers that produce) will be relatively small at least until 1965, because of fewer births during the late 'Thirties and the war. For the decade as a whole, our *working* population will grow on the average only 1¼%.

Nor is it likely that we can look to a sudden surge of savings, and extraordinary capital investment, as the force that will act to bring about a more rapid growth. Certainly savings and investment are essential to any economic advance, as we know. The "London Economist" once put it this way: "If our children are going to produce twice as much as we do, they are not going to do it by working harder than we do, or by being cleverer than we are, but by having twice as many inanimate slaves to assist them. The way to plenty is to build up the national capital of machines, of buildings to house them in, of power to drive them, and of communications between them."

We in America have long believed in this policy, and our nation is famous for its use of the machine. But one of the most significant aspects of our economic development has been the relative stability in the proportion of the National Product which we have invested in machinery, buildings and other capital. Today that proportion is around 16%, about equal to the average that has persisted over the full period for which we have a statistical record.

I would not think it likely that this proportion would increase much if at all in the 'Sixties. As a matter of fact, a number of observers are concerned whether we shall actually continue to invest 16% of our national product. Not that savings will fail to grow. They *will* grow. But the problem will be to see that such growth is kept in line at least with the rise in incomes. Ours is a free society, and nobody is forced to save. And with the number of aged and very young increasing rapidly, we may find some pressure placed on personal savings in the future. Nevertheless, the whole record of the past is encouraging in this regard, and I think we have the right to assume that the 'Sixties will hold its own in this matter of savings and investment.

Expects Institutions to Vote Their Stock

I might digress for a moment and draw attention to one important change in savings that is occurring: namely, the tendency for personal savings to flow more and more through institutions — through insurance companies, pension funds, mutual funds and the like—rather than through individual savings accounts. During the 'Sixties, corporations will find themselves dealing increasingly with these sophisticated investors. Moreover, I suspect that such investors will become more demanding of management as time moves on—that as holdings expand, institutions, as well as individuals, will feel obliged to take a more active interest in seeing that corporations do indeed have good managements. This will be true especially if their holdings become so large that they cannot readily or quickly liquidate their investments, as is now their practice when they become dissatisfied with the management of a corporation in which they hold shares.

But none of this explains the extra margin of growth which I pointed out could be open to us in the coming decade. Where then does the answer lie? I believe the answer will be found in the potential for a greater rise in productivity than has been normal in the past—a potential which in turn is born of the marriage between science and business management.

Here I am not suggesting that our economy is taking off on a new tack; I am merely assuming that American business will have the enterprise and ingenuity to move forward in the coming decade with even greater vigor than it has thus far throughout the postwar period. The distinguishing mark of recent years, when viewed against the longer term, lies in the progressive improvement achieved in individual productivity. In statistical terms, output per man-hour for many decades grew at a rate of only about 2% per annum. More recently the index has moved forward at a rate nearer 3%. But one of the basic tasks confronting our country is to hold to this higher rate of progress, or even to better it.

Outlines Challenge to Management

Perhaps the deepest challenge here falls to management, including men of finance. For it is business management which must accept responsibility for projecting the needs of the future and organizing to meet them most effectively. What are some of the implications that flow from such a vital responsibility?

First, it is necessary to recognize the key role which research and development must continue to play. A moment ago I said that management *and* science, acting in combination, can provide the stimulus needed for extra growth. Management certainly can't do the job alone. It requires the help of the scientist and one of the most puzzling yet essential tasks of management is to organize scientific research so that it can contribute a maximum to both the immediate and long-term requirements of business. No other activity can be at once so frustrating and yet so rewarding. I think you would agree that if any one beacon shines forth most brilliantly in this Mid-Twentieth Century, it is the potential contribution of properly directed and coordinated research to the progress of mankind. After all, we stand only on the threshold of the age of science. As one observer has put it, nine-tenths of all the scientists who have ever lived are said to be alive today. The companies that recognize this promise of research — that stand in the forefront in the search for new products and better ways of doing things—will be the ones that prosper most in the 'Sixties. This is the task of good management.

Naturally, such a program will have an important impact on the financial side of business — in bringing about a better control of costs, in shaping capital expenditures, and in giving top management an intelligent guide to selecting from alternative courses of action. Moreover, there are numerous ways in which the financial officer will himself be able to contribute to research and innovation. I have in mind, for example, the possibilities inherent in the use of high speed computer equipment for inventory and cost control purposes, and the reduction of cash needs which can be one of the end results. Today cash has become an expensive item, and success in making the best use of it can be a significant factor in increasing productivity. I don't believe this picture will change radically in the 'Sixties. There will be periods, it is true, when interest rates will be below levels of this year, but so long as business remains strong and expansive, money rates should be firm. Viewed in perspective, the low rates of the 'Thirties and 'Forties were abnormal and we should not expect to see them return.

Market Research

So far I have discussed science chiefly as it applies to production. But this won't be the only area where research pays off. I believe business must also look to an ever-increasing emphasis on market research — on the effort to foresee what our people will want and choose. Again this is one of the hallmarks of a free economy —you never see any market research in Communist lands! But it's also the mark of a mature economy, one that has moved into the age of plenty. Certainly the United States in the next decade should qualify on that score. All told, producers may have the potential for selling 50% more to consumers in 1970 than in 1959, including sales to a large number of new families. The average family income itself would rise to more than $8,000. In fact, you may not realize it, but the average today is $6,200, half again the level of the 'Thirties, even after adjusting for changes in the price level.

The story of the great new middle-income market that has emerged in the postwar period is no longer news. What is news, and will continue to be, is the ever-changing character of that market—in terms of age-distribution, tastes and needs. It is important to business, for example, to appreciate that the relatively big increase in numbers over the next five years will fall in the teen-age group and the group over 65. And following that, the bulge at the lower end will shift to the group in its early 20's. At no time in the 'Sixties will there be a dramatic advance in the number of middle-aged. These facts pose a number of important questions for business. What do shifts like this mean for the appliance industry? For autos? Steel

Continued on page 32

MUTUAL FUNDS

BY ROBERT E. RICH

That Feeling of Uncertainty

The last half of 1959 is proving to be a tricky period for those who make it their business to manage investments. Among the difficulties are tight money, talk about possible disarmament and the steel labor situation—all of which could have a big impact on sales, profits and dividends during the next few quarters, if not the years ahead.

What are mutual fund portfolio managers doing in this time of uncertainty? Reports for the September quarter indicate that a good many funds are taking steps to strengthen their holdings against any adverse developments. Says Philip L. Carret, President of Boston's Pioneer Fund, Inc.: "In deference to the somewhat tired appearance of the market, [our] management has pursued a fairly cautious policy in recent months. . . . It is our primary responsibility to seek for sound values rather than to try to outguess the stock market's general direction."

A similar comment is made by Albert M. Sheldon, Jr., President of Minnesota Fund. "Investmentwise," reports Mr. Sheldon, "we have been moving in a more conservative direction. Certain cyclical issues, such as coppers and textiles, have been reduced or eliminated. The machinery and aircraft groups have been reduced."

What is interesting about both of these fund reports is that the managements added or increased certain holdings in convertible securities. Since the big decline in convertibles ended several weeks ago, some funds have become attracted to their improved yields and see in them the chance to participate in a possible upturn in common stocks as well. Of this purchase of Philco convertible 4¼s, 1984, Mr. Carret remarks: "While stockholders are waiting patiently for any dividends at all, holders of the convertible bonds are getting 4¼% on their investment, occupy a senior position in the capital structure and have good prospects for higher prices, when and if the stock recovers to a level with conversion parity."

While convertibles do have their drawbacks and some of the more conservative funds have clearly preferred to go bargain-hunting for yields in the bond market, the choice of these securities at this time does prove that the funds can react with swift flexibility to meet market changes. If the currently rather dull period of market performance does end with an upswing, not every fund will experience a major upswing itself. Yet the beauty of this is that their showing will probably be moderated on the downside as well.

Although many fund men are obviously agitated about the circumstances in which they now find themselves, it is quite likely that, however the hiatus resolves itself, the funds will wind up by proving their intrinsic strength. As Chemical Fund observed in its report last week: "We believe that the diversification, financial strength and research of the portfolio companies will enable them to meet successfully whatever changes may lie ahead."

The Funds Report

National Securities & Research Corp. is optimistic about the future. Says the organization's mid-October bulletin: "Although labor problems and resulting shortages may cloud the immediate prospects, they tend to defer or moderate an uptrend rather than reverse it. A somewhat analogous observation may be made about credit restraint, which, if wisely administered, causes some purchases and construction programs to be postponed rather than cancelled. . . . We continue to believe common stock prices will exhibit a general upward tendency, with the usual temporary digressions from the main trend and wide variation among individual industries and issues."

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Financial Industrial Fund, Inc., issuing its 24th annual report, announced that total net assets had grown to $156,888,419, equal to $4.49 per share, from $101,237,269, equal to $3.56 per share, one year earlier. During the year, the number of shares outstanding increased 23% to 34,979,911.

Notable additions to portfolio over the twelve-month period were in equities of the automotive, drug and steel industries. Largest holdings by industries: chemicals, 12.22%; oils, 10.44%, and utilities, 9.6%. The five biggest company investments were in Monsanto Chemical, Ford Motor, Texaco, American Telephone & Telegraph and Air Reduction.

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Chemical Fund, Inc., reported its net assets increased from $176,521,037 to $242,505,146 over the 12 months ended Sept. 30. At the same time, net assets per share improved from $9.30 to $11.02. Since Sept. 30, 1958, there have been proportionate increases in holdings in chemicals, glass, graphic arts, pulp and paper, metal, rubber and agriculture. Decreases were in drugs, oil and gas, and corn products.

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Investor's purchases of the **National Securities Series** of mutual funds totalled $65,390,683 in the first nine months of 1959, up 21% over the $54,056,672 registered in the same period last year.

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Three mutual funds managed by **Supervised Investment Limited** registered declines in net asset value per share during the quarter ended Sept. 10. The funds and their figures: **Supervised Income Fund**, down from $4.08 to $3.93; **Supervised Growth Fund**, down from $1.88 to $1.74, and **Supervised American Fund**, down from $7.16 to $6.98.

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Net assets of **Executive Fund of Canada** dropped from $5.68 per share on June 10 to $5.49 per share on Sept. 10, the fund has reported. As of the latter date, the fund had 71% of its investment in income securities (bonds, preferred stocks and common stocks for income), 16% in American growth securities of various types and 13% in Canadian growth securities.

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Energy Fund, Inc., reports that 45% of its stockholders have used the latest dividend and distribution to purchase additional shares in the fund. This compares with 28% in each of the preceding three years. "The sharp increase," noted Irving L. Straus, Vice-President of the fund, "is particularly gratifying because it was achieved on a voluntary basis. Energy Fund does not have a contractual plan."

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Minnesota Fund, Inc. reported its asset value per share rose by 4% to $8.31 in the quarter ended Aug. 31. Major increases in holdings were registered in steel, entertainment, and building and construction equities.

NEWS ABOUT BANKS AND BANKERS

Consolidations • New Branches • New Offices, etc. • Revised Capitalizations

Chemical Bank New York Trust Company, New York, on Oct. 19 opened a new, ultra modern banking home for its University Office at 113th Street & Broadway. It is the same site occupied by the branch since it was first opened in 1901. During construction of the new quarters, however, this office was temporarily combined with Chemical's 110th Street at Broadway Office.

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Appointment of Russell M. Rounds and Peter Bruno as Assistant Secretaries of **Manufacturers Trust Company, New York**, is announced by Horace C. Flanigan, Chairman of the Board.

Mr. Rounds joined the bank in 1931 and was appointed Branch Manager. He is assigned to the bank's Flatlands office.

Mr. Bruno joined the bank in 1928 and was appointed Assistant Branch Manager in 1953. He is assigned to the bank's 27th Street office.

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Albert C. Simmonds, Jr., Chairman of the Board, **The Bank of New York**, announced the appointments of six men on Oct. 20.

John F. Newman of the corporate trust section of the trust division and Jeremiah J. Wolf of the bank operations department were named Vice-Presidents.

Kermit Ehlers was named an Assistant Comptroller in the data processing department and Theodore A. Hamm was appointed an Assistant Treasurer in the deposit bookkeeping department.

In the securities section of the trust division, Morgan E. McMonegal was named Assistant Secretary.

Robert T. Frosch was appointed Manager in charge of the main office vault.

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Directors of **Trade Bank and Trust Company, New York**, have voted to increase the capital of the company from $3,147,210 to $3,540,610 and the number of its shares from 314,721 to 354,061.

The additional 39,340 shares of stock will be offered to stockholders of the bank on the basis of one new share for each eight shares held, at a subscription price of $19 per share. Subject to the approval of the capital increase at a Special Meeting of the Bank's Stockholders which has been called for Monday, Nov. 2, 1959, warrants will be issued to the stockholders of record as of Nov. 6, and will expire Nov. 30.

Henry L. Schenk, President, also announced that Trade Bank contemplated opening a new branch office in the Furniture Exchange Building at 200 Lexington Avenue, New York, for which tentative approval has been received from the New York State Banking Department and which should be ready for business toward the middle of 1960.

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W. F. Place, President of the **Excelsior Savings Bank, New York**, announced Oct. 20 that the Board of Trustees has elected Graeme J. Pearce Mortgage Officer of the bank. He succeeds J. Treacy Ferley, formerly Vice-President, real estate and mortgages, who has retired under the provisions of the bank's pension plan.

Mr. Pearce joined Excelsior in 1950. On April 6, 1956 he was appointed Manager of the mortgage department of Excelsior Savings Bank.

Henry L. Schenk, President of **Trade Bank and Trust Company, New York**, has announced the election of John B. Schoenfeld to the office of Vice-President. He will assume his new responsibilities with the bank Dec. 1, 1959.

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The election of Steele L. Winterer as a Trustee of **Empire City Savings Bank, New York**, was announced by W. Emerson Gentzler, President.

Mr. Winterer is President of A. & M. Karagheusian, Inc., manufacturer of Gulistan carpets. Mr. Winterer is a director of the **Summit Trust Company, Summit, New Jersey.**

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Herman L. Papsdorf, Chairman of the Board of the **Hamburg Savings Bank, Brooklyn, N. Y.**, died on Oct. 16 at the age of 72.

Mr. Papsdorf was President of the bank from 1937 to 1957 and then was elected Chairman.

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By a stock dividend the **First National Bank of Red Hook, N. Y.** increased its common capital stock from $100,000 to $200,000 effective Oct. 9. (Number of shares outstanding—2,000 shares, par value $100).

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Three new officers have been named by **The County Trust Company, White Plains, N. Y.**, William L. Butcher, President, announced Oct. 16. Promoted were: Lawrence C. Sahre, to Assistant Treasurer; and Paul Schweinfest, and Edmond V. LeDonne, to Assistant Trust Officers.

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Ilion National Bank and Trust Company, Ilion, New York, with common stock of $200,000, was merged with and into **Marine Midland Trust Company of the Mohawk Valley, Utica, New York**, under the charter and title of "Marine Midland Trust Company of the Mohawk Valley," effective Sept. 30, in accordance with the applicable provisions of Federal and State Statutes. Previous item about the merger was given in "The Chronicle" of Aug. 27, 1959, page 842.

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Valley Bank and Trust Company, Springfield, Massachusetts, and **The First National Bank of Westfield, Westfield, Massachusetts**, merged under charter and title of Valley Bank and Trust Company, effective Sept. 21.

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Plans to merge **The Union and New Haven Trust Company, New Haven, Conn.**, and the **First New Haven National Bank, New Haven, Conn.**, were dropped after the anti-trust division of the Department of Justice, announced that the move would violate the Sherman Antitrust Act. The opinion of the Department of Justice was written by Robert A. Bicks, acting assistant attorney general for the division. Mr. Bicks warned that his office would move to block consolidation if the banks persisted with their plans.

The plans for the merger, subject to approval of stockholders were given on p. 1269 of the Sept. 24 issue of "The Chronicle."

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Changes in staff assignments and the election of new officers at **Montgomery County Bank and Trust Company, Norristown, Pa.** were announced Oct. 6 by Gerald M. Anderson, President.

According to the announcement Rodney W. Magee, Assistant Vice-President in charge of the Logan Square office and Robert J.

George, Assistant Vice-President in charge of the office at North Wales, will become members of the banking department, Main and Swede Sts., effective Oct. 19. Horace E. Rambo and Frank C. Kinsey were named Assistant Treasurers and will take over as managers of these branch offices respectively on that date.

At the same time Mr. Anderson announced that Harold R. Kuser has been named Assistant Treasurer at the main office. Mr. Kuser's primary duties will be to assist Merrill A. Bean, Treasurer of the company. C. Webster Haaz was elected Assistant Secretary, as was Harld B. Weber.

Mr. Kuser has been in banking for 12 years, eight of them with the company.

Mr. Rambo has been associated with the bank for 34 years with the exception of three years during World War II.

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The First National Bank of Leesport, Pa., increased its common capital stock from $100,000 to $150,000 by a stock dividend and from $150,000 to $200,000 by sale of new stock, effective Oct. 1. (Number of shares outstanding—20,000 shares, par value $10.)

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The First-Second National Bank and Trust Company of Wilkes-Barre, Penn., reduced its common capital stock from $2,000,000 to $1,800,000 effective Oct. 8. (Number of shares outstanding—90,000 shares, par value $20).

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Mervin B. France, President of **Society National Bank, Cleveland, Ohio,** announced the election of

Charles F. Carr

Common Pleas Judge Charles F. Carr to the office of Vice-President and Trust Officer. This appointment becomes effective Nov. 2. At that time, Judge Carr will assume the position as head of the Society's expanding Trust Department following his resignation from the bench.

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The Goshen National Bank of Bethesda, Ohio, with common capital stock of $75,000, has gone into voluntary liquidation by a resolution of its shareholders dated Sept. 9, effective at the close of business Sept. 30. Liquidating agent: Cecil L. Ayers, care of the liquidating bank. Absorbed by: **The First National Bank of Barnesville, Ohio.**

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The **Peoples National Bank of Lawrenceburg, Lawrenceburg, Ind.,** with common stock of $100,000; and **The Moores Hill State Bank, Moores Hill, Ind.,** with common stock of $25,000, consolidated effective as of the close of business Sept. 29. The consolidation was effected under the charter and title of **The Peoples National Bank of Lawrenceburg,** with capital stock of $112,500, divided into 11,250 shares of common stock of the par value of $10 each.

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Directors of the **Peoples Trust & Savings Bank, Green Bay, Wis.,** voted Oct. 15 to join the Marine Corp., Milwaukee Bank Holding Company.

Announcement was made jointly by Eliot G. Fitch, Marine Corp. President, and R. T. Bennie, Chairman of the Board of Directors of the Green Bay Bank.

The directors voted to exchange stock of the Peoples Trust & Savings Bank on the basis of 1 share for 7.5 shares of Marine Corp. stock. The Directors agreed to recommend exchange to all other stockholders.

The exchange proposal is subject to approval of the Federal Reserve Board and the stockholders of both the bank and corporation.

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Citizens National Bank of Lake Geneva, Lake Geneva, Walworth County, Wis., was issued a charter on Oct. 8, by the office of the Comptroller of the Currency. The President is Arthur L. Kull and the Cashier is Kenneth Schneider.

The Bank has a capital of $175,000 and a surplus of $175,000.

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Anton Burkhartsmeier, Assistant Cashier, has been elected Assistant Vice-President of **First National Bank in St. Louis, Mo.,** it was announced Oct. 16 by William A. McDonnell, Chairman of the Board.

Mr. Burkhartsmeier entered the bank's service in February, 1957.

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William R. Whitley was elected an Assistant Vice-President of the **Republic National Bank of Dallas, Texas,** according to an announcement by Fred F. Florence, Chairman, Executive Committee, and James W. Aston, President of the bank.

His election, which occurred at a regular meeting of the bank's Board of Directors, will become effective Oct. 15, 1959.

Mr. Whitley was associated with the **Texarkana National Bank, Texas,** from 1943 to 1955. He served in all departments of the bank before being elected its Auditor in 1952.

He became an assistant Cashier in the Republic National Bank of Dallas in Jan. 1955. Since Jan. 1958, Mr. Whitley has been affiliated with the **Bank of Commerce, Fort Worth, Texas.**

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The Fort Worth National Bank, Fort Worth, Texas, increased its common capital stock from 8,500,000 to $9,350,000 by a stock dividend effective Oct. 6. (Number of shares outstanding — 935,000 shares, par value $10).

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Election of F. D. Lawrie and M. W. Lightfoot to trust officers of **California Bank, Los Angeles, Calif.,** has been announced by Frank L. King, Chairman of the Board.

Mr. Lawrie joined the bank in 1953. He recently was assigned to the bank's Long Beach office where he is in charge of the newly established regional trust department.

Mr. Lightfoot joined California Bank in 1954 and since that time has been assigned to the real estate division of the Head Office trust department. He was successively appointed Assistant Secretary in 1957 and Assistant Trust Officer in 1958, and now as Trust Officer, becomes the head of the real estate division.

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A plan to merge the **Bank of Whittier and The First National Bank of Vernon** into **Citizens National Bank, Los Angeles, Calif.,** has been agreed upon by the Directors of the three banks according to an announcement made jointly by Roy A. Britt, President, Citizens National Bank, H. C. Dolde, Chairman, Bank of Whittier, and Leonis C. Malburg, President, The First National Bank of Vernan.

The plan of merger has received preliminary approval of the Comptroller of the Currency, and will soon be submitted to the shareholders of the three banks for their approval.

Citizens National, showed resources of $567,497,874 as of Sept. 30, 1959. On the same date, Bank of Whittier resources were $12,802,057 and The First National Bank of Vernon resources were $6,059,753.

Imperative Need to Change Our Economic Policy

By William D. Kerr,**Partner, Bacon, Whipple & Co., Chicago and President, Investment Bankers Association of America*

Investment bankers' spokesman warns "we have reached a point where alteration of our economic policy is imperative." Mr. Kerr presents a succinct case in support of his plea, outlines a three-point course of action, and specifies what investment bankers particularly should do.

That the United States Treasury has been forced recently to pay 5% on short-term borrowing is shocking, if not downright embarrassing. As citizens, we are not accustomed to think of government credit in such terms.

William D. Kerr

Through the maze of explanations such as unprecedented demand for consumer credit shines one elementary truth. Simply stated—investment managers and investors generally have come to consider fixed income to be a doubtful speculation in dollar futures.

They have seen the purchasing power of contractual interest payments shrink steadily for two decades. Recently, principal returned at maturity has borne little resemblance to that of the original investment.

In brief, we have been living in a climate of dollar deterioration made pleasantly palatable to many by rising common stock prices. Knowledgeable investors estimate a continuance of this condition and are acting accordingly.

This is not good. The average United States citizen likes to save money. It makes for protection for the future and the process gives a satisfying sense of accomplishment. Certainly he would expect rightfully to have the dollars he invests in bonds or mortgages or bank savings accounts returned to him undiluted. He must instinctively deplore any procedure that reduces his re-turn-home pay.

Abroad, the peoples of the Free World are depending upon the United States to lead them safely through the gauntlet of Communist intrigue and harassment. They look to us not only to maintain adequate military might but to practice the self-discipline necessary to maintain the integrity of our illustrious dollar. They are well aware that no society has debased its currency continually without ultimately suffering corresponding decay in its ability to protect itself and others.

High interest rates are flashing the red lights of danger. A few more symbols are flashing in chorus — our substantial adverse balances of payments with the rest of the world—our loss of gold reserves — the increasing price disadvantage of our export in world markets. We have reached a point where alteration of our economic policy is imperative. This can come somewhat painlessly on a voluntary, carefully formulated adjustment. Lacking this precaution, it will be forced upon us in harsh and painful terms.

Courses of Action

The course of action—first, the wage-price spiral must expire. Not only has Russia concerted plans to outsell us in world markets but the dramatically revitalized output of Western Europe and Japan poses the toughest sort of price competition both abroad and here at home. Price disparity is threatening us with a deflation of our productive activity. A high wage rate without enough jobs benefits no one. Business management and management of union labor should devote themselves unsparingly to solve this problem at the earliest possible moment.

Second, the budget for the government's fiscal year to end June 30, 1961, soon will be under debate. Not only must Congress balance this budget, but it should put into that budget a provision for national debt retirement. Wise persons don't particularly care to do business with people who borrow for excessive spending, nor with people who habitually renew their loans without thought of making payments on principal. Debt retirement should be made a matter of non-partisan national policy.

Third, Congress must accede to the conscientious admonitions of President Eisenhower and Secretary Anderson to authorize payment by the Treasury of a realistic and competitive interest rate for long-term money. Secretary Anderson has said: "We seek to reassure the people both at home and abroad that we will manage the debt in a way consistent with the preservation of the dollar as an international standard of value." The average length of the national debt is down from six years and five months in early 1955 to four years and 6 months. Debt maturing in under one year was 50 billion in June 1955—it is now about 80 billion. The trend toward the printing press must be reversed.

So much for the evidence.

What do we investment bankers do about all this?

Well, we have several talents that are uniformly characteristic —we know money, we know bonds and debt management, and we are salesmen. Congress is adjourned to Jan. 6. Our Senators and Congressmen are home — available to constituents to discuss matters of importance.

Find your Senators and your Congressmen and offer them your conviction of the dire need for sound fiscal policy, for integrity in debt control. Let them know that you believe America is sick and tired of deficits—deficit financing—and a dollar that is losing its self respect. Tell them you believe patriotic American citizens want to start paying back some of the money we borrowed when previous Congresses appropriated beyond our means.

It makes no sense to me that we break our collective backs to protect ourselves and our friends abroad only to commit suicide at home.

*An address by Mr. Kerr before the Investment Bankers Association of America, New York City, Oct. 14, 1959.

Form Durant & Co.

DETROIT, Mich. — Durant and Company has been formed with offices in the Penobcot Building to engage in a securities business. Richard Durant is a principal of the firm.

Our Reporter on
GOVERNMENTS
BY JOHN T. CHIPPENDALE, JR.

The Government market appears **to** have digested the new money **operation** of the Treasury very **well**, despite the continued re**strictive** credit conditions. For the **time** being, and some say the fore**seeable** future, it appears as **though** Government short-term **and** intermediate-term credit is in **the** 5% return area. The impend**ing** refunding of nearly $9 billion **of** securities which come due on **Nov.** 15 should present the money **market** with another opportunity **to** get favorable yields on the ob**ligations** which will be used to **take** care of the maturing ones.

Short-Term Issues Emphasized

The short-term sector of the **Government** market continues to **attract** sizable amounts of funds **and** this is likely to be the case **until** inventories are being re**plenished**. The capital segment of **the** Government market is quiet **because** these bonds are not com**petitive** with non-Federal obliga**tions**. Attraction in Government **issues**, aside from the shorts, is **centered** in the 5s of 1964. Liqui**dation** of middle-term issues for **tax** losses still goes on.

The October new money raising **operation** of the Treasury is now **out** of the way and it turned out **to be** a very satisfactory one for **the** Government. Not only was **the** 1964 note oversubscribed several times but also the 245-day-tax anticipation bill was given a very hearty welcome by investors who were interested in keeping money in the short-term most liquid obligations. The use of the Treasury tax and loan account by the commercial banks in the payment for the new money issues which they handled was also a favorable factor as far as the new money securities of the Treasury were concerned.

However, the public and institutional appetite for the new money obligations was very sizable and this, more than any of the other forces involved, was responsible for the way in which these securities were taken by investors. In other words, the rate was high enough to make the 5s of 1964 go over with a bang, while the 245-day tax anticipation bills were sold on a discount basis which made them attractive to the short-term buyer who can use them either for income purposes or for the payment of taxes.

Non-Inflationary Borrowing

The level of interest rates is evidently sufficient to attract a sizable amount of money from the savings type of investor and the large demand which was and has been in the market for the 5s of 1964 is positive proof of this. This seems to indicate that the 5% interest rate level is going to bring funds into Government securities which will come from the ultimate investor.

This means there will not be an increase in deposits or puchasing power since the buying of new money securities by the small investor results only in a shift in deposits and no addition to the money supply. The Treasury's use of these funds, however, could increase the velocity or turnover of deposits but this is much less inflationary than is the creation of deposits and new purchasing power.

To be sure, the use of the ultimate investor's funds for new money issues of the Government or for the financing of the Treasury deficit does take money away from the savings banks and savings and loan associations which could be used to finance home building. Also the cashing in of Government savings bonds in order to buy Treasury issues, such as the 5s of 1964, means there will have to be more financing by the Government to meet these redemptions.

On the other hand, it appears as though the 5% interest level is a magic one, and it is the one which will continue to attract funds as long as the money markets are tight.

Will 5s of 1964 Be Re-Opened?

Since the money market is likely to stay pretty much on the restricted side for at least the balance of the year, it would seem as though the Treasury will have an opportunity to extend the Government debt in the coming refunding operation, which will take care of the Nov. 15 maturities of the $3\frac{3}{8}$ and $3\frac{1}{2}$.

Accordingly, money market specialists are looking towards the next venture of the Treasury and these guesses are now running along the lines of a one-year issue as well as a five-year obligation or a re-opening of the 5s of 1964. It is believed that a package deal will also be used in the next refunding of the Government. A short maturity would take care of the needs of the Federal Reserve Banks, the largest owners of the Nov. 15 maturities, whereas another obligation also with a coupon in the 5% area should make it possible to extend the maturity of at least a part of the debt which is coming due.

Bullishness in British Equities and Governments

By Paul Einzig

Noted British financial writer sees grounds for continued rise in equities and explains the reasons behind the marked revival of interest in Government securities. Dr. Einzig analyses the London Stock Market's ups and downs following the Conservative party's investor-anticipated victory and steady rise in the gilt-edged market.

Paul Einzig

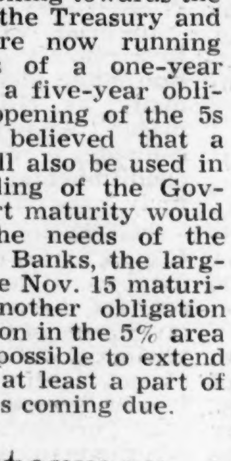
LONDON, Eng. — The first week that followed the favorable result of the general election was somewhat disappointing to those who had been firmly convinced that, once the Conservatives have won, we could live happily for ever after. After the spectacular rise during the morning of Oct. 9 when the Tory victory became evident, the Stock Exchange turned erratic with sharp ups and downs. The reaction disclosed an unexpected degree of overbought position in equities, and bouts of profit-taking followed each rise. Such setbacks frightened many genuine investors into realizing their holdings.

In particular the equities of firms with co-partnership schemes involving the allocation of equities to employees came under the influence of selling pressure. On the London Stock Exchange the markings do not indicate whether the transaction involved ten shares or a hundred thousand shares. The sale of a large number of small holdings of Imperial Chemicals, for instance, by workers wanting to snatch a profit of a few pounds conveyed an entirely misleading impression about the extent of the realizations, and induced many larger holders to follow the trend. However, by the end of the week profit-taking appears to have come to a halt and investment demand caused a resumption of the firm trend.

Sterling too suffered a setback after its initial firmness following on the election result. Apparently the foreign exchange market as well as the Stock Exchange had anticipated the Government's victory, even though its extent came as a surprise. There was an overbought position in sterling, so that the election result was followed by selling rather than buying. However, after a setback equilibrium

Pete Kosterman Joins Black & Co.

PORTLAND, Ore.—Pierre (Pete) A. Kosterman has become associated with Black & Co., Inc., U. S. National Bank Building, as Vice-President in charge of the trading department. Mr. Kosterman was formerly an officer of Zilka, Smither & Co., Inc.



Pierre A. Kosterman

Mr. & Mrs. Kosterman will be representing Black & Co. at the forthcoming National Security Traders Association Convention.

With Reynolds Co.

(Special to THE FINANCIAL CHRONICLE)

CARMEL, Calif. — Bradford J. Myers has joined the staff of Reynolds & Co., Jorgenson Bldg.

Joins Hall & Hall

(Special to THE FINANCIAL CHRONICLE)

FRESNO, Calif.—Edward T. Lancaster has become affiliated with Bailey & Company, 2303 Fresno Street.

was reached at a fairly high level compared with pre-election rates.

Economic news of the week was on the whole disappointing. It is true the index of the cost of living for September showed a continued stability with a slight downward tendency. On the other hand the trade returns showed an increase of the import surplus, even though the balance continued to be favorable on trade with the Dollar Area. And shortage of steel is beginning to cause embarrassment in the automobile industry. Conservatives and the business community must consider themselves fortunate. Had the news of the inadequacy of steel output become available before the election, Socialists would have made extensive use of the argument that, after all, the denationalized steel industry has been unable to plan its production adequately. Of course no planning on this side could have foreseen such a prolonged steel strike in the United States which is partly responsible for the shortage in sheet steel.

Favorable Effect on Governments

In one respect the after-effects of the election result have been more favorable than most people had anticipated. There was a marked revival of interest in Government loans. Regardless of the ups and downs in equities, the gilt-edged market showed a steady rise. This in spite of the anticipation of early legislation authorizing trustees to invest trust funds in equities, as a result of which hundreds of millions of pounds will be switched from Government loans into equities. Even the optimistic report of the Federation of British Industries about the position in capital goods industries has failed to check the demand for Government loans, by reinforcing the demand for equities.

One of the reasons for this preference for Government loans is the disappearance of the threat of "backdoor nationalization" through the investment of public funds into equities by a Labor Government. Apart from the direct effects of such a policy, it would have gone a long way towards discrediting Government loans in the eyes of investors. After all, if a Government does not trust its own bonds how could anyone else be expected to trust them? As a result of the Conservative victory, there is now no need to expect a switching of public funds into equities for the next four or five years. This consideration has more than offset the anticipation of the switching of trustee funds into Government loans.

By far the most important consideration in favor of Government loans is the sharp decline in the yield on equities since the beginning of October. There is now a difference of something like one per cent between their yield and that of Government loans. Many investors now consider the yield on first-class industrials too low. They have to live on their investment incomes, and recent financial troubles have deterred them from risking investment in second-rate equities for the sake of higher yield. The alternative is to invest in high-yielding irredeemable Government loans, or other loans with long maturities.

Confidence in the Price Level

The Tory victory has gone some way towards strengthening confidence in the stability of the price level. A socialist victory would have been followed by an acute wave of distrust in all fixed interest-bearing securities, because of the anticipation of inflation. The Socialist defeat produced the opposite effect. The stability of the cost of living index for somethng like two years has made many people waver in their hitherto firm conviction about the inevitability of perpetual creeping inflation. Even the prospects of another round of wage increases are not viewed with undue pessimism, for it is hoped that the increased supplies of consumer goods resulting from the increase in the output by 8% since 1958 would more or less offset the increases in consumer demand.

Last but by no means least, the possibility of a lower bank rate resulting from the anticipated increase in the gold reserve constitutes a strong bull point for Government loans. At the same time, their rise is likely to stimulate a further rise in equities, once the differential between the two sections has become less abnormally wide.

In any case, the long-delayed expansion in capital expenditure is expected to reinforce powerfully the demand for equities. All that is needed now is the announcement of some substantial dividend increases to initiate a steady rising trend. Now that political pressure to keep dividends down no longer exists many boards of directors may be inclined to treat equity holders more generously, if only in order to discourage take-over bids stimulated by large accumulated undistributed profits. So the conclusion from a survey of prospects on the Stock Exchange is that in spite of the switching of some funds into Government loans there is a good scope for continued rise in equities.

Are European Equities An Investment or Gamble?

By Clifford E. Brown, Vice-President, Income Foundation Research Corporation—Management Counselor to Income Foundation Fund

Don't invest in most European equities is Mr. Brown's blunt warning. The mutual fund executive outlines the arguments that favor such investments and contends they are outweighed by: lack of accurate information, non-comparability of price earning ratios and sluggishly operated European security exchanges. Concludes risks are disproportionate to profit opportunities despite admittedly bright outlook for Europe. Advises investors to reduce their risk by investing in domestic firms that have substantial and profitable operations in Europe—some of which he names.

Not long ago the managers of a large institutional portfolio decided to invest directly in European equities. Specific issues were examined and, after all available data had been reviewed, one company was selected. The managers were convinced that the common stock of this firm was, at its current price, a sound investment. They promptly cabled their European agent, one of the largest banks on the Continent, ordering a purchase of 2,000 shares.

Several days later the bank cabled its progress: Two days of scouring the Common Market countries has yielded only 200 shares. Worse, even this small purchase has driven up the price 25%. Should an attempt be made to fill the balance of the order? Unwilling both to buy more at such a price and to maintain so small a position, the managers rushed the reply: Sell. The final blow: Selling the 200 shares drove down the price 20% below the original point to which the American investor was attracted.

The story suggests the American naivete of Henry James' day. But the events are both true and recent, and the principals are professional investors. How does this report harmonize with the promises of European prosperity and investment opportunity which have been luring the U. S. investor since late last year? Isn't the outlook bright for the European economy? Yes, economists are almost unanimous in predicting that European business, especially in the Common Market countries, will expand during the next decade. They expect growth at a rate substantially superior to that anticipated for the United States. Doesn't it follow that European equities will advance in value more rapidly than American equities? Quite possibly. How can the American investor afford to avoid European securities with such a chance of high appreciation? The answer is this: What investor can afford to gamble?

The investor and the gambler have this in common, both are attracted by the opportunity for profit. Investor and gambler differ in this, that only the first insists that the risks be no more than proportionate to the profit. In the judgment of many investment counselors today, the risks incurred in the ownership of most European equities are out of proportion.

Rebuts Arguments

Advocates of American participation in Europe discount the well-known risks of foreign investments. They give reasons for believing that these risks are no longer substantial. War will no longer be confined to the European land mass; pre-modern production and distribution methods have been replaced concurrently with massive economic assistance; conservative economic, fiscal and monetary policies have been substituted for postwar confusion; double taxation has been reduced or eliminated by tax treaties; European currencies are now firm. All this appears to be sound. But the investor has further hurdles to clear, hazards seldom enunciated by the heralds of European opportunity.

The paramount risk arises from a vast void of accurate information about the activities of most foreign concerns. This is due to American-European differences in accounting methods, in corporate organization, and in attitudes towards taxation. Accounting on the Continent is far from standardized. Published financial statements audited by independent professional accountants are rare and tardy. (The *Wall Street Journal* on Sept. 11, 1959, carried the audited statements and report of a German firm for the year ended Sept. 30, 1958). More fundamental, many concerns maintain two sets of accounting records, one for the public and the tax collector and another for the use of management. Regardless of actual results, managements often predetermine the reported earnings level to correspond with their willingness to pay taxes and dividends. Directors in many European firms enjoy an employee position (and compensation) rather than the fiduciary status (and nominal compensation) common to directorships in the United States. Secrecy surrounding business affairs is carried to such an extreme that in many corporations most of the directors are kept ignorant of the actual state of affairs.

European investors are well aware of the special risks occasioned by attitudes and procedures which Americans now associate with the 19th Century. As a result, European investors ignore the price-earnings relationship because of its unreliability. Instead, they value an equity in relation to its yield. The notion current in some financial publications that European equities are less expensive than U. S. shares is founded on the gratuitous assumption that the two are comparable statistically. European equities are said to be selling at price-earnings ratios far below that current for their American counterparts. One might infer that when the word really gets around that bargains are available, the inexpensive shares will become expensive shares. To the extent that prices of European stocks are affected by investment decisions of European nationals, this happy outcome will probably not be forthcoming.

Despite differences in investment theory, some Americans are hoping to see the prices of these overseas securities soar as other Americans enter this "cheap" market. The chance of disappointment is great because much of the American "smart money" was being invested in Europe long before the Common Market story broke in local U. S. newspapers.

The hardy American who has stomach for placing his money on the turning wheel of the European equity market has further problems to solve before he takes home his winnings. The eager gambler-investor will not always be able to locate the croupier, or even the casino, with the speed commonplace in American security markets. European equities are not yet widely held by the common folk, though some financial romantics in this country would have us believe the contrary. The number of European shareholders is growing, but the situation is in no way like our own where one out of every eight adults is a stockholder.

The American investor will find that European security exchanges operate sluggishly. In Iowa the farmer phones his order to the nearby office of a national brokerage firm. Within minutes his order has been executed on the floor of the New York Stock Exchange. In London the investor contacts his broker. The broker then turns to another level in the exchange system, the dealer. The dealer then moves to locate the other end of the trade. Meanwhile, the investor has plenty of time for tea.

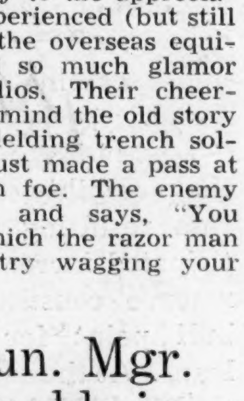
Agrees Outlook There Is Bright

Uncontested, however, is the prediction that the outlook for Western Europe is very bright. But until the heavy risks can be reduced, the American can best participate by casting his lot with those domestic corporations that have substantial and profitable operations in Europe. These corporations too are investors. But they have behind them decades of experience in Europe. Exhaustive economic and market research has preceded and accompanies their heavy commitments, and constant professional on-the-spot supervision protects their investment. Colgate-Palmolive, Merck, Black & Decker, National Cash Register, and Goodyear Tire are only a few of the outstanding American companies which will contribute to and benefit from the prosperity in store for Western Europe.

Some American investors are pointing proudly to the appreciation already experienced (but still unrealized) in the overseas equities which add so much glamor to their portfolios. Their cheerfulness calls to mind the old story of the razor-wielding trench soldier who has just made a pass at his arms-length foe. The enemy soldier laughs and says, "You missed." To which the razor man replies, "Just try wagging your head!"

Kane Mun. Mgr. For Reynolds in Philadelphia

PHILADELPHIA, Pa. — Reynolds & Co., 1526 Chestnut Street, members of the New York Stock Exchange and other leading exchanges, announce that Robert F. Kane has been appointed Manager of their Trading Department.



Robert F. Kane

Mr. Kane, who was formerly associated with Butcher & Sherrerd, has been active in the investment securities business since 1953.

S. D. Loring Co. Adds to Staff

John Mutch has been added to the staff of S. D. Loring Company, Inc., financial public relations, 74 Trinity Place, New York City. For the past eight years, Mr. Mutch was associated with Merrill Lynch, Pierce, Fenner & Smith Inc., as an Account Executive.

Have the "Magic Fives" Started a Bond Market?

By Hubert F. Atwater, Wood, Walker & Co., New York City

Investors seeking early maturities with high yield are advised to consider longer term issues of better grade railroad bonds. The writer sees the return of high yields on bonds due within a few years while longer term issues of continuous interest payments may sell to somewhat less. He opines, further, that the present tight short-term market may not prevail very far into the future.

The Treasury Department must have had the fortunate advice of experienced bond dealers in setting the 5% rate on its recent issue of 4-year and 10 months notes. As has happened so many times before, a clean cut reduction of rate to the point past the minimum of "what traffic will bear" produced remarkable results.

Hubert F. Atwater

Never, without the stimulus of a patriotic motive have so many dollars been forthcoming from mattresses, savings funds and other hidden sources in response to public financing. Prepayments are reported to have reached $927 million, an amount nearly double the size of the First Liberty Loan or the Anglo French Loan.

There are still security dealers who recall the united effort of every working soul that was required to accomplish the sale of these two items. But they also recall that the success of an important piece of financing gives courage to the buyers and we may see the Old Gentleman from Schoharie County with his black bag invading Wall Street for neglected bargains. To a certain extent, he has already prepared himself and when he appears in numbers may find rather bare shelves.

It is now realized that the peak of corporate bond prices was reached early in 1951. In 1953, when the rediscount rate was raised to 2%, I discussed in the *Chronicle* (Jan. 29, 1953) the improving position of the bond investor who had withheld his funds from long-term low coupon issues. Buyers did hedge by investing in short-term securities at improving rates, while the stock market in which the major interest centered continued to rise.

As the opinion of many of our economists now favors the belief that we are experiencing the tightest phase of the short-term market it is important to examine their predictions that this condition may not prevail very far into 1960.

Without question corporate plans for desired but not imperative expansion or for the individual's purchase of major items that can be happily enjoyed but not truly needed will be deferred and this will contribute in large measure to an easing of the demand for short-term funds.

Attractiveness of Rail Bonds

Investors who have been advised to place a portion of their capital in very early maturities may now look with courage at the longer term issues of better grade railroad bonds. Such issues have felt the pressure of liquidation in a generally unreceptive market and are now available in small amounts at prices affording an unusually high yield, quality considered. We may now see a return to the pattern of high yields on bonds due within a few years while longer term issues with a record of uninterrupted interest payments for 30-50 years may sell to return somewhat less. Unusual as this may appear at first glance, it is not a paradox, but a normal pattern which precedes a recovery of prices. To appraise the effect that a change in interest rates may bring about, we have only to recall the prices of investment grade bonds as recorded in 1951 or 1952.

To the investor who has avoided long-term issues when rates were hardly compensatory this list may carry suggestions of merit. Unfortunately for the large buyer, these prices apply to small offerings of less than $25,000:

Quality	Name			Yield**	High Since 1951
AA	Hocking Valley 4½	1999	95	4.80	129
AA	*Virginian Ry. 3	1995	71½	4.65	102¼
AA	Chesapeake & Ohio 4½	1992	97	4.70	133⅝
A	*Chesapeake & Ohio 3⅞	1973	86½	5.30	107½
A	*Monongahela 3¼	1966	91	4.90	104
A	*Great Northern 3⅛	1990	68	5.75	102¼
A	Southern Ry. 5	1994	101½	4.90	134⅝
BAA	Southern Memphis 5	1996	96	5.25	121½
BAA	Chicago & Erie 5	1982	91	5.60	130½
BAA	Phila.-Balt. & Wash. 5	1974	96	5.40	123
BA	N. Y. Cent. & H. R. 3½	1997	60	6.35	94⅜
BA	P. C. C. & St. L. 5	1970	88½	6.50	114¼
BA	P. C. C. & St. L. 5	1975	88	6.20	115

*Callable at 100 or above. If called improves yield.
**Yield to maturity.

Commodity Club Elects Lehnberg as President

Werner Lehnberg of E. F. Hutton & Company, has been elected President of the Commodity Club of New York, Inc., to hold office during the organization's 25th year.

Other officers elected are: Milton Jiler of Commodity Research Bureau, Inc., as First Vice-President; Charles Mattey of Bache & Company, Second Vice-President; Irving Hankin of Merrill Lynch, Pierce, Fenner & Smith, Secretary; Julius Rutkay of Anderson, Clayton & Fleming, as Treasurer.

New directors elected to the board are: Stephen Greenberg of Walston & Co., Willis James of Laird, Bissell & Meeds, and Henry Kadri of First National City Bank.

The club announced that its 25th anniversary will be observed with an inauguration of a series of educational open forums wherein authorities in each commodity trade will discuss economic trends for each of the basic commodities.

Understanding the Problems In Latin America's Economy

By James L. Green, Chairman of the Department and Professor of Economics, Graduate School of Business, Air Force Institute of Technology, Wright-Patterson, Air Force Base, Ohio

First-hand experience gained as Economic-Financial Advisor to the Colombian Minister of Finance prompts Mr. Green to offer his observations to the American businessman and investor interested in the Latin American economy. The writer briefly reviews Latin America's past and present before detailing the multi-faceted mounting problems. He pinpoints the economic implications of the European Common Market to the area, and concludes with a step-by-step proposal to assist the region's economic development.

Pressure for economic growth mounting concomitantly with the vital economic problems of external and internal balance poses a serious challenge to Latin American peoples. The unprecedented number of revolutionary changes in governments in the past decade attest to this pressure. Unquestionably, the need for political stability is urgent south of the border, and in the author's opinion, the stability problem stems more from basic economic, than political causes.

James L. Green

In many aspects of its development problem, Latin America is caught in the throes of changing economic doctrines and social philosophies. What is needed is a pragmatic, down-to-earth, and realistic appraisal of what the job is that needs doing and a clear undertanding of the means for accomplishing that job. The incentive is not, and should not be looked upon as an anti-red offensive. Neither should United States businessmen, the U. S. Government, the Organization of American States, or the State Department, be completely inflexible in categorizing each development measure as to whether or not it is a truly free enterprise project, a democratic project, a bureaucratic project with a socialistic tinge, and the like. Such condemnations as we have seen of late are utterly useless as generalities because they lack clear-cut criteria for measurement. The significant and pressing problem at present is (1) to define explicitly the development job to be done (2) to determine the means at hand to do the job most effectively, and (3) to establish the incentives and environment for getting on with the job.

Understanding of this multifaceted problem can be facilitated if we first quickly review the economic past and present as Latin America has, and must now, act to improve its position in the world economy.

Economic Doctrinal Confusion and Pressures

Historically speaking, the Mercantilist economic doctrine arose with the nascent rumblings of the industrial revolution. Perhaps the single, most important contribution made by this school of economic thought was the concept of "nationalism" under which doctrine the State provides the direction, control, and motivation for economic practices and policies. Contrary to the nationalistic doctrine of mercantilism and solidified in the works of Adam Smith came, the doctrine of Laissez-Faire which displaced mercantilism in advancing economies. Under environmental conditions and philosophies of a Laissez-Faire free enterprise system, national economies improved their governmental organization, their agricultural technology, and developed an expanded industrial base. Industrial production giants were nutured and grew alongside widespread trading areas and giant markets. To a large degree the dynamic growth and unparalled development of the industrial giant of America was due to the unshakling of American enterprisers from nationalistic planners and controls. Latin America, on the other hand, remains a strong mixture of economic doctrinal confusion — neither fish nor fowl, so to speak.

With the advent of the Great Depression, the economic writings of John Maynard Keynes, the Second World War, and widespread industrialization of Latin American customers particularly, a clear change in economic and monetary policies and controls has evolved. Under conditions of the gold standard, international payments between countries were resolved by the shipment of gold. Under these conditions, internal monetary and credit structures were strongly influenced by the short-term balance of payments and the inflow and outflow of gold. Depression, unemployment, and deflation of currency values were accepted as necessary mechanisms" to correct the imbalance tendencies of payment differences and gold shipments. And, of course, as we all recognize, increasing specialization, industrialization, and urbanization made such adverse adjustment mechanisms untenable, both economically and politically. As a necessity, alternative devices and techniques were developed to immunize internal economies without regard to the short-term balance of payments.

In this regard, Latin American countries experienced strong inflationary tendencies due to the inflow of gold in the 1920s and strong deflationary tendencies during the depression years due to gold outflow. This prompted Latin American countries — Argentine and Brazil, for example — to initiate steps to insulate their internal monetary system and price levels from the effects of gold movements. Steps taken by Latin American countries in this regard include: (1) the establishment of central banks whose gold reserves absorb the inflow and outflow of gold without effecting internal currency and credit structures; (2) exchange control and appropriate adjustment of exchange rates, import quotas, export subsidies, and the like; and (3) the establishment of stabilization funds usually in participation with, and with assistance from, international financial agencies. Such measures under "managed" stabilization and monetary programs have enabled individual countries to maintain and sustain short-term internal economic stability notwithstanding the vagaries of short-run international balances.

The Mounting Problem

The mounting problem in Latin America, however, is not the short run, but rather the longer-run. Latin America has been plagued with chronic weakness in the world market for its primary commodity markets. Since 1955 the prices of the goods sold by the Latins have fallen by 10% or more and the prices of imported goods from industrialized countries have continued their upward spiral. Latin American dependency upon primary producers for income in world markets has been a fault, but is a correctable fault. More important and crucial is that "nationalistic" economic policies tend to preclude flexibility. Adjustments of the economic structure to cope with basic economic trends have been difficult, have often lead to social unrest, and to date have probably added to the muddied waters through inept handling and political bungling.

Still another problem faces Latin America which stems partially from its lack of acceptance and adoption of an integrated economic doctrinal code or way of economic life. This is its inability to absorb labor surpluses arising from the adoption of new techniques in primary production activities. The Rockefeller Foundation and the World Health Organization have strived to improve public health and sanitation thus reducing infant mortality and adding years to the median age of the working population. Concurrentlly, Point 4, the O.A.S. the U.N. and special missions of all kinds have endeavored to improve agricultural and related primary production productivity. Technical knowhow is abundantly evident. What is lacking are the means and motivation—the incentive for economic expansion by individual entrepreneurs. Persons displaced from primary production activities lack alternative job opportunities, and hence, incomes depress rather than stimulate market growth. Latin America needs a broader industrial base to provide a cushion for persons forced into unemployment, to increase overall productiveness of its people, and to augment purchasing power and market growth. What seems to be of primary importance in this regard is the adoption of an integrated economic doctrine which will facilitate and establish an environment encouraging economic and industrial growth. The existing mixture of bureaucracy and free enterprise hampers and restricts actions on the part of both private entrepreneurs and governments.

Impact of the European Common Market Upon Latin America

Another economic trend impinging upon Latin America and adding fire to the urgency of the times, is the current establishment of the European Common Market. This move appears as the key to a current revolution in international trade policies and practices. Economic integration of the several economies provides larger markets, encourages capital investment, allows the development of more economic technological production units, facilitates the standardization of items and parts and weights and measures thrdoughout the larger market, and, in general promotes economic activity and improvement in productivity and living standards.

The economic implications to Latin America are manifold.

First, Latin America remains, esentially, a primary producing area. Even though policies of "monetary nationalism" are followed and central banking institutions are charged with the control of money and credit structures, the impact of the balance of payments, the ratio of the national currency with the U. S. dollar, and consequently, the quantity of money (deposit money and currency) in circulation, exercise a potent influence upon consumption and investment. For all practical purposes, and with a special import to foreign investors, it is necessary to recognize that the quantity theory of money rules in Latin American economies more sharply than is the case in more highly industrialized economies. This is true:

(1) partly because the slope of the consumption function is sharply inclined and consequently, the level of consumption is high relative to the level of income.

(2) partly because the investment function tends to be highly variable with respect to the rate of interest.

(3) partly because liquidity preference tends to be interest inelastic, i.e., increases in the money supply are considered as spendable income and, due to the steep slope of the consumption function, are readily applied to the purchase of consumer goods and services; and

(4) partly because of the inelasticity of the production and supply of primary goods.

Affect on Latin America

With this premise, it is now possible to pinpoint the major implications of the trend toward large common markets, from which Latin American countries are excluded as participating members:

(1) Under provisions of the European Common Market plan, France has proposed a limitation upon foreign investment and advocates intensive investment in developing primary production activities in Africa including many products now imported from Latin America, such as coffee, bananas, cattle, and many of the basic minerals, ores, oils and their processing. Economic and trade implications of such actions as they affect the Latins are clear.

(2) Capital investment funds now flowing into Latin America from Europe may well diminish as they are directed internally within the European common market sphere with a resultant retardation of the rate of economic development in the lands of our neighbors to the south.

(3) Due to the inflexibility of primary production activities, Latin American primary products may experience difficulties in adjusting and finding new markets. Surpluses arising may force price reductions, severe financial losses, forced unemployment, deflation and depression.

(4) Markets in individual European countries now open to Latin American exports through bilateral and preferential trade agreements probably will be lost, and facing facts, large blocks of nations acting in concert are unlikely, dealing from a position of strength, to grant as favorable trading terms as have been obtainable in the past.

(5) Because of the probable loss of markets and income, Latin America will probably be forced to reduce importations from abroad with resultant decreases in its rate of industrial expansion and perhaps a significant lowering of its consumption levels.

Proposed Plan for Economic Development

As every forest ranger knows, it is advisable in times of serious crisis to "fight fire with fire." Realism is a quality Latin American leaders must engender in their respective economic policies and practices. The economic situation is serious—the stakes are large—the time for action is now.

(1) **Formation of an Integrated Market**

It is proposed that all independent nations in Latin America act in concert to form a common integrated economic market; that this union of nations evolve far reaching provisions for economic integration, and for mutual assistance in fomenting economic and industrial development, financial stability, and the free exchange of their respective goods, products and services.

It is proposed that agreement be reached to gradually remove all restrictions upon the movement of goods and services among the members of the common market through removal of tariffs, quotas, and other quantitative restrictions over a period of years, say 15, so as to cause a minimum of economic disruption and a maximum of mutual benefit.

Analysis of exports from Latin America reveals both similarity and diversity to a marked degree. Because similar products such, for example, as coffee, bananas, and petroleum, tend to find major markets outside the Latin American economy, it is unlikely that a lowering of tariffs within the free trade market would significantly intensify internal competition with resultant lower prices. To the contrary, the Latin countries acting in concert would almost certainly strengthen their position in dealing outside the market. As the free common market expands and develops in purchasing power and consumption, it can be anticipated that increasing consumer demand for all products will foster less dependence upon foreign international markets. Thus, the long-run prospects for Latin-American industrial and primary products, are enhanced.

(2) **Formation of a Latin American "Federal Reserve System."**

Without question, severe problems will arise with respect to the balance of payments among participating countries. These can and must be resolved. Through coordinated planning of major development expenditures by the powers involved, mutual assistance in financing investments, and the establishment of an effective central banking institution for the general control of market-wide monetary and credit structures and policies, the problems of payment balance can be met and solved. With assistance extended by the World Bank, the Import-Export Bank, the International Monetary Fund, and similar financial organizations including perhaps the United States, reciprocal revolving reserve funds can be established and maintained for the purpose of sustaining stable financial arrangements internal to the countries and between the respective countries. Establishment of such a Federal Reserve System and a common currency would also facilitate the mechanics of business and commerce and the attainment of stable monetary and credit structures.

(3) **Capital Formation.**

An underdeveloped community like Latin America has three alternative roads it may travel if its goal is capital formation and economic development. They are: (1) to transfer a portion of its surplus of production over consumption, i.e., savings, to capital formation projects; (2) through inflation and forced savings and (3) through the attraction and utilization of foreign capital in building its industrial base and developing its natural resources.

Certainly, we all know, total savings in Latin countries are insufficient to meet capital formation needs. The standards of living for the majority leaves almost no margin for reducing consumption without seriously effecting health and efficiency. The health and well-being of its people—particularly its children—is as important a problem to Latin America as investment in capital plant and equipment. Among upper income groups, however, there exists a surplus of funds. Although insufficient to do the job alone, this source of funds is at least a partial answer to the capital formation needs. A proper business and investment climate and possible participation with foreign developers would almost certainly

tap existing savings and bring these funds into active investment channels.

Due to political and economic conditions in Latin America, the second road inflation, and forced savings by workers whose standards of living and health cannot be reduced, is untenable and is considered by the author to be unworthy of consideration.

The third route—utilization of foreign capital — constitutes the most economically sound and advantageous route for the Latins to travel. The process involved is, however, both complex and difficult. This is where the "Self-Help vs. Foreign Aid" concepts must be clearly delineated. It is the author's strong feeling that even though 90% of capital development funds come from abroad, nonetheless, about 90% of the job to be done rests upon the shoulders of the Latins themselves. So much more than merely capital funds is involved.

Must Define Realistic Goals

First Latin leaders must work toward defining their economic doctrinal position. They must establish a political, business, and social attitude receptive to new industries and production methods. They must make institutional and governmental arrangements that encourage the inflow of private foreign initiative, know how and investment. They must develop a will and a desire to seek continuing betterment for all their peoples and not merely selected betterment for the few.

Second, Latin American countries must be realistic in their developmental planning. This is not an overnight problem to be solved by waving a wand. Due to the limited dollar and foreign exchange reserves, Latin American development must avoid all possible additional drain. Industrialization must necessarily progress within a limited frame of reference and should meet, at least, the following criteria:

(1) Capital machinery and equipment for new development projects must be purchased abroad using completely the respective foreign currency. (To facilitate participation of local savings in such investment, it is appropriate to assume that such participation could include such items as land, buildings, supplies, and working capital purchaseable within the economy).

(2) That newly established enterprises utilize a high percentage of local natural resources in their transformation processes.

(3) That the new industries have export potential and/or produce acceptable substitutes for present imports. (This should be an insight to opportunity for U S investors and businessmen already in Latin American markets or contemplating entry or expansion).

Beyond compliance with these criteria, foreign investors and businessmen should insist upon a reasonable freedom in the conduct of normal business operations. Permission to incorporate, etc. is of course necessary. But bureaucratic control of detailed activities and operations should be minimized as an environmental conditioning factor. Custom duties on capital importations should be waived. On the other hand, importers in turn should properly be restricted from selling imported capital goods in the domestic market but should be granted freedom to repatriate the same machinery and equipment at any time the original investment anticipations fail to measure up to expectations and are not sufficient to induce the investor to remain in business.

Summary

In conclusion, it is hardly debatable that the U. S. investor has a vital stake in Latin American development. With a population of 165,000,000 and growing rapidly, there is clearly an unparalleled opportunity to be found in Latin America provided that a common free trade area comes into being and free circulation of products is not impeded by artificial restrictions. In view of the pace of technological developments, effective organization and economical size of production operations, the specialization to be afforded by economic market integration, and the vastness of the market to be satisfied, particularly as the free market area of the United States, with its unlimited market and production potential moves into closer coordination and integration with the Latin market, the dynamic self-sufficiency and stability for growth potential forecast a bright and prosperous future for U. S. investors and Latins alike.

To a marked degree, industrialization promotes trade and commerce between nations. Specialized and diversified industrialization of Latin America provides a long-term dynamic investment climate for U. S. investors. And subsequently, industrialization of Latin America would stimulate and augment trade and commerce among Latin countries, with the U. S., and with the rest of the outside world.

Economically and realistically, the United States stands with Latin America at the threshold of a new era. The opportunity to gain is mutual.

*Professor Green was formerly Economics and Financial Advisor to the Minister of Finance, Columbia, South America. He was formerly Senior Associate of Griffenhagen & Associates.

Smith, Barney & Co. Moves Boston Office

BOSTON, Mass—Smith, Barney & Co., 86-year-old investment banking firm and members of the New York Stock Exchange, has moved its Boston office to The Travelers Insurance Co. Building, 125 High Street. Roland H. Schuerhoff is Manager of the office. The firm's Boston office had been located at 140 Federal Street.

Floor space of the new quarters is substantially larger than in the previous office. The new office provides the personal attention of experienced investment specialists and, in addition, the latest technical and mechanical facilities.

Smith, Barney & Co., founded in 1873, has its main offices in New York City and other branch offices in Philadelphia, Chicago, San Francisco, Albany, Allentown, Cleveland, Hartford, Milwaukee and Minneapolis.

Two With A. G. Edwards

Vincent La Femina and James F. Watts, registered representatives, have joined A. G. Edwards & Sons, members of the New York Stock Exchange and other leading exchanges, as co-managers of a new office soon to be opened in Kew Gardens, New York.

Pending completion of this new office, Mr. La Femina and Mr. Watts will make their headquarters at the firm's 485 Lexington Avenue office in New York City.

Coping With Coming Dearth Of Creative Manpower

By Seymour L. Wolfbein,* Chief, Division of Manpower and Employment, Bureau of Labor Statistics, U. S. Department of Labor, Washington, D. C.

Top labor force statistician projects dire shortage of 24-44 age group in 1965's labor force, and calls for sizable increase in labor force's skill-level and also an increase in as well as upgrading of what we consider are well-qualified or better trained persons. He urgently warns that the education we now provide the elementary school population, and at the secondary level in the immediate years ahead, will irrevocably affect a major portion of pivotal man-power resources (14-24 age bracket) in the next decade. Mr. Wolfbein further advises industry will not be able to afford age and sex barriers to employment as the major supply of labor will be the older worker and women.

All of us are keenly aware of the manpower shortages we have now, not only for profesional personnel like teachers, nurses and engineers, but for technicians and skilled workers and, indeed, for well qualified persons in every occupational field. It is certainly a sign of intelligent planning to try to evaluate, against the background of today's problems, the major future trends in this field, especially since they will be the economic context or framework in which all of us who are interested in education—as teachers or administrators—will be operating for a long time to come.

Dr. S. L. Wolfbein

Creative Manpower

Recent manpower developments have brought into extensive use (and often, perhaps, abuse) the term "creative manpower." What do we mean by this term?

A generation or so ago, this question would have brought the practically unanimous reply that creative manpower refers to the artistic and literary professions—writers, sculptors, painters, composers and the like. Today, it is a sign of our science-oriented age that engineers and scientists are the groups which first come to mind when we begin to talk about creative manpower. It is one of the fundamental propositions of this paper, however, that the term creative manpower cannot be limited to any one group alone. Our national security as well as the continued expansion of our economy depend in a significant and substantial way on new scientific discoveries and their engineering applications. No one can quarrel with that. But this should not overshadow the fundamental importance to our national welfare and survival of our form of government of the creative manpower needed in medicine, in teaching, in public administration, in the law and so on.

Indeed, it is urged that creativity is needed throughout the occupational structure—it is neither the birthright, the monopoly or the unique need of any one occupational class. Where more do we need creative talent than in *teaching*, with its enormous impact on the growing individual? Or among *skilled* workers, who translate ideas and blue prints into actual forms for the factory production line? Or among the *executive* and *managerial* group which is responsible for leadership in their respective fields? Or on the *farm*, where we now have employed the same number of persons as we did in 1870—producing an enormously increased amount of food and fiber for a growing population, both here and abroad?

Our definition of creative manpower, therefore, would run as follows: Creative manpower represents those individuals who, through their innovations, help us advance toward a higher standard of living and a higher level of national security. They exist and are needed at every level of our society, across the occupational structure of the U. S. A.

These innovations need not necessarily be—in fact, rarely are—of the major, headline-making variety. They most often are small, evolutionary changes which, step by step, help us advance toward the goals we have outlined.

We come now to the second part of our definition of terms: the question of "shortage." At this point it is worthwhile to remember that the United States has been a nation with manpower shortages throughout practically all of its history. Only during the thirties when we and the rest of the world went through an extraordinary — and unhappy — period of readjustment was there any real long period of unemployment in the United States. We have been a country of enormous growth and change, building up an industrial plant of great technological efficiency, absorbing millions of persons from abroad and supporting in an ever increasing standard of living a steadily growing population.

In what way, then, is the current period different from other phases of our national history? The touchstone of our problem today is the *quality* of our labor force. When we use terms like "creative manpower" we are reaching out for words which will emphasize to everyone our critical need for more and better quality personnel in our labor force. In the studies we have conducted and are now pursuing in the Labor Department we, of course, come across numerical shortages in many occupations: in research and development, in teachers for the elementary schools, in clinical psychology, etc., etc. But what we hear just about universally in practically every single occupational field we study is the great need and demand for people at the top levels of knowledge, skill and creativity.

For example, in a recent study of ours on the Shortages of Scientific and Engineering Personnel in Industrial Research, many companies which had no immediate numerical shortage, nevertheless emphasized their need for scientists and engineers with more advanced training or better professional qualifications. A number of officials said they would be able to expand their research and development activities only if "well-qualified or better-trained persons" could be found.

That we should have this emphasis on quality is not surprising at all if we remind ourselves of how two important forces have oined in the beginning of the second half of the 20th Century to give us an unparalleled period of change. We have, on the one hand, a significant period of technological advance where we are actually crossing new thresholds in the sciences. If history is any guide at all, then it is no wonder that we need every available top resource to cross safely the frontier of a new source of power.

Accompanying this technological advance is an equally unprecedented period of international stress. And, of course, it is again to the field of manpower and technology that we have to look for the weapons which will help us achieve the final victory in this arena.

Put these two developments together and it is quite evident why, at this particular juncture of our history, we have the emphasis we are getting upon *quality*, upon *creativeness*, upon *leadership* to help us move through this great period of change.

And, in the light of these developments it is almost gratuitous to say that there is a particular sense of urgency for the optimum development of those whose abilities and gifts will enable them to fill the creative needs of our society.

The Manpower Outlook

Now, what of the future?

The Labor Department staff has recently completed a systematic analysis of future occupational requirements through a study of industrial employment trends and the changing occupational composition of each industry. Such work, of course, is in a sense always subject to change as new information on levels and trends becomes available. However, for our present purposes, we have asked ourselves the following question:

What will the occupational structure of the U. S. look like in 1965 and 1975, assuming a continuation of the basic trends that have been operating in this country during the first half of this century? The basic answers are given in the accompanying tables.

Focusing on 1965, we find *first* that the expectation is for an increase of about 25 million in the population of the United States over the next 10 years—the equivalent of adding a city the size of Chicago to the U. S. A. about every 18 months for the next 10 years. This expansion is expected to generate advanced demands for additional consumer goods, housing, highways and capital investment.

Second, we project about a 50% increase in the gross national product by the middle 60's assuming productivity increases of the kind we have had up to now. This would amount to an increase of about 25% in the gross national product per capita — the total amount of goods and services available for every man, woman and child.

Third, we note that these developments call for an expansion of about 10 million jobs between 1955 and 1965.

What kinds of changes in our occupational structure will these 10 million additional jobs bring? The accompanying table presents some of the major changes we can foresee on the basis of our studies and projections so far. There are many important and interesting dimensions to these data, but we will limit ourselves to a presentation of a few of the highlights which are particularly relevant to the problem we are discussing today.

(1) One of the most impressive areas of growth is represented by the professional worker. If previous trends continue, our projections show that professional personnel may hit close to the eight million mark by 1965, accounting for a little over 1 out of every 10 workers—more than double the 1910 figure. There is real need for expansion in many of the important groups here. The one million workers in engineering and science, the 1½ million in teaching and the one million in medical services (doctors, dentists, nurses, etc.) will undoubtedly all increase sharply and account for a major part of the expansion in professional employment over the next decade.

(2) The two other groups comprising the white collar occupations are also expected to increase—particularly the clerical and sales people, who already account for one out of every five people in the labor force today. Taken together, the white collar occupations actually have reached a historic position according to our latest information. This year (1956) they represent the single biggest group in the labor force and they are expected to be well out ahead by 1965 and 1975. A few years ago we reached this kind of situation in our industrial distribution: there were (and are) more people employed in industries producing services than those producing goods. Now the occupational distribution has reached the same stage: today we have more white collar than blue collar workers in the American labor force.

(3) Another important group which we expect will expand both numerically and percentage-wise are the industrial workers at the craftsmen (skilled) and operative (semiskilled) levels. We expect increases particularly among the building trades, the metal trades and the skilled mechanics, repairmen and technicians.

(4) On the other hand, reductions seem to be in order for both the farm segment of the economy and the less skilled laborers. If past trends and current technological developments, such as automation, are indicative, we may expect an actual decline in employment in these occupations in the face of a 10 million rise in the total number of jobs.

All of this certainly adds up to a continuing and persistent increase in the skill level of the American labor force—in the number and proportion of workers requiring extensive education, training and skill development—in the number of quality personnel we call creative manpower—in the need for the especially able or gifted in our population.

Sources of Labor Supply

Can we meet these needs? Where will the additional workers come from?

The attached table describes the age, sex, and composition of the American labor force today and the way we expect it to look by 1965. To project and look ahead to 1965 in this field is a well manageable problem because all persons who will be of labor force age in 1965 (i.e., who will be 14 years of age and over in 1965) already have been born. In a country like ours where the net inflow from abroad is at relatively very low levels, the dimensions of our labor force are given by the size and composition of the population which as we all know, has been subject to some dramatic changes during the past quarter of a century and which, in turn, play a determining role in shaping our current as well as future work force.

In round numbers, our figures show that the approximately 10 million increase in labor force by 1965 will be distributed as follows:

About 4½ million will be young persons 14-24 years of age.

About 5 million will be 45 years of age and older.

Only about ½ million will be between 25 and 44 years of age.

And, more than half of this total increase will be represented by women.

The composition of this labor supply makes a number of very important points, some of which we can only touch upon here. For example, the so-called "older worker" is going to be a major supplier of labor in the decade ahead; more than half of our total labor supply increase is also going to come from women. In the kind of labor market we project, age or sex barriers to employment would simply cut us off from worker resources—a poor policy at any time, and doubly so in a decade when workers will be in such short supply.

The kind of short supply we anticipate is dramatically illustrated by what is going to happen to the group 25-34 years of age—one of the prime working ages in terms

Employment in the Major Occupations of the United States

Actual 1910 and 1955 Projected 1965 and 1975

	Number (in millions)				Percent			
	1910	1955	1965	1975	1910	1955	1965	1975
Total	35.5	61.7	73.1	83.2	100.0	100.0	100.0	100.0
White Collar:	7.9	23.8	30.5	36.6	22.3	38.7	41.6	44.0
Professional	1.6	5.7	7.8	10 0	4.6	9.2	10.6	12.0
Proprietors and managers	2.6	6.0	7.3	8.3	7.3	9.8	9.9	10.0
Clerical and sales	3.7	12.1	15.4	18.3	10.4	19.7	21.1	22.0
Blue Collar:	13.3	24.7	29.4	33.2	37.4	40.2	40.3	40.0
Craftsmen	4.2	8.2	10.2	12.0	11.8	13.4	14.0	14.5
Operatives	5.0	12.8	15.6	17.9	14.1	20.8	21.3	21.5
Laborers	4.1	3.7	3.6	3.3	11.5	6.0	5.0	4.0
Service	3.4	7.2	8.1	9.2	9.6	11.3	11.1	11.0
Farmers and farm workers	10.9	6.0	5.1	4.2	30.7	9.8	7.0	5.0

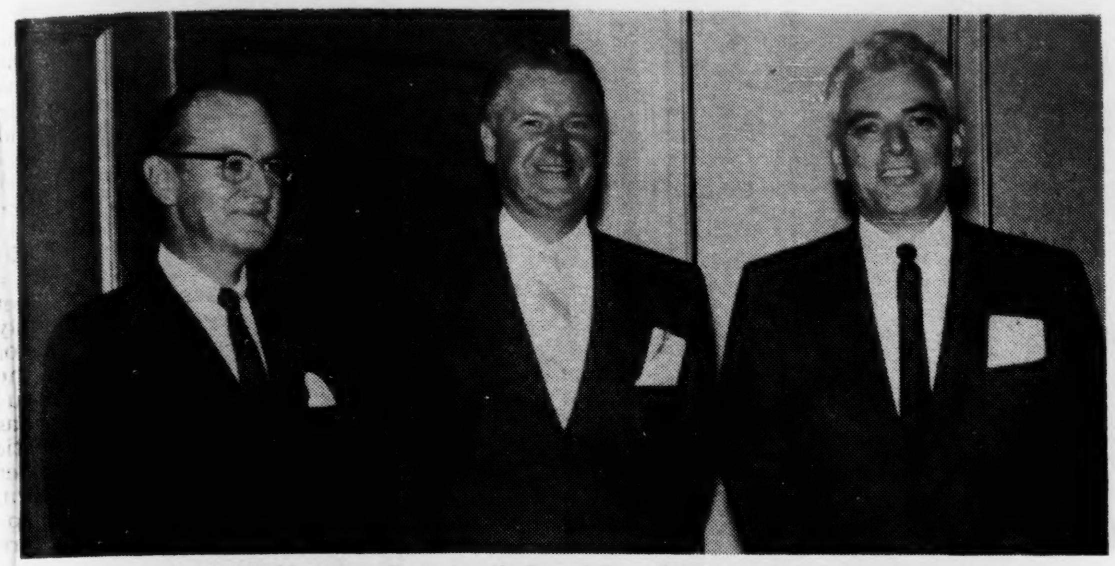
SOURCE: 1910 and 1955—U. S. Census Bureau.
1965 and 1975—U. S. Department of Labor, Bureau of Labor Statistics (11/56).

The Labor Force of the United States

Classified by Age and Sex
Actual 1956 Estimated 1965
(In Millions)

	1955	1965	Change 1955-1965
Total labor force	68.9	79.3	+10.4
Males:	48.1	52.9	4.8
14-19 years	3.4	5.0	1.6
20-24 years	4.9	6.0	1.1
25-34 years	11.5	10.7	— .8
35-44 years	10.8	11.4	.6
45-54 years	8.9	10.2	1.3
55-64 years	6.1	7.0	.9
65 years and over	2.5	2.6	.1
Females:	20.8	26.4	5.6
14-19 years	2.0	3.0	1.0
20-24 years	2.4	3.1	.7
25-34 years	4.3	4.2	— .1
35-44 years	4.8	5.7	.9
45-54 years	4.1	5.8	1.7
55-64 years	2.4	3.5	1.1
65 years and over	.8	1.1	.3

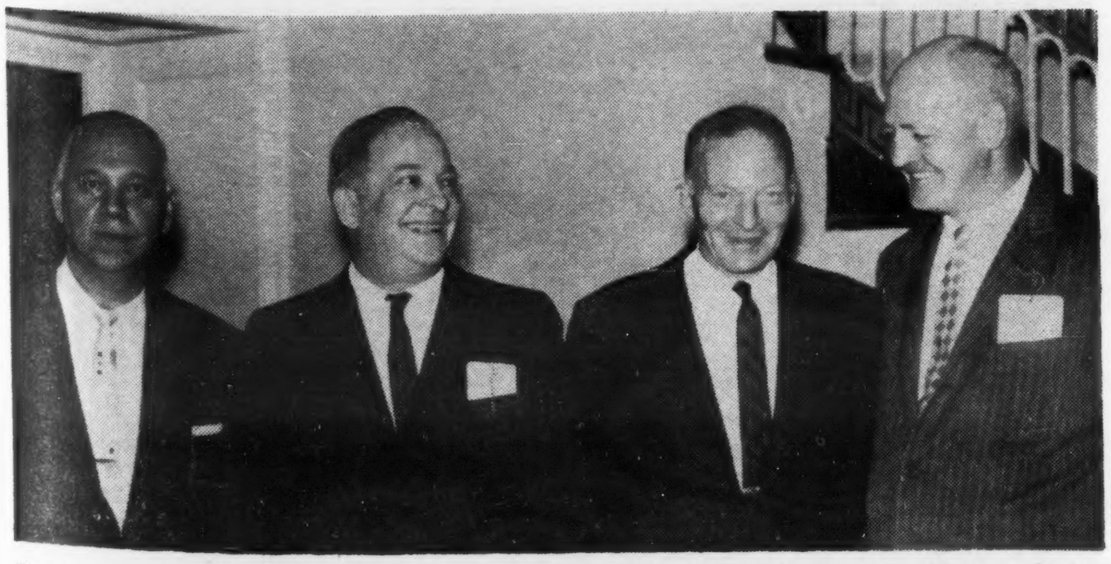
Corporation Bond Traders of New York



Paul Lane, *Kidder, Peabody & Co.*; Frank Ronan, *New York Hanseatic Corporation*; John McCormack, *F. S. Smithers & Co.*

Francis J Cunningham, *Kidder, Peabody & Co.*; Gayle P. Williams, *Kidder, Peabody & Co.*; Richard Wigton, *Kidder, Peabody & Co.*; Frank Callahan, *Kidder, Peabody & Co.*

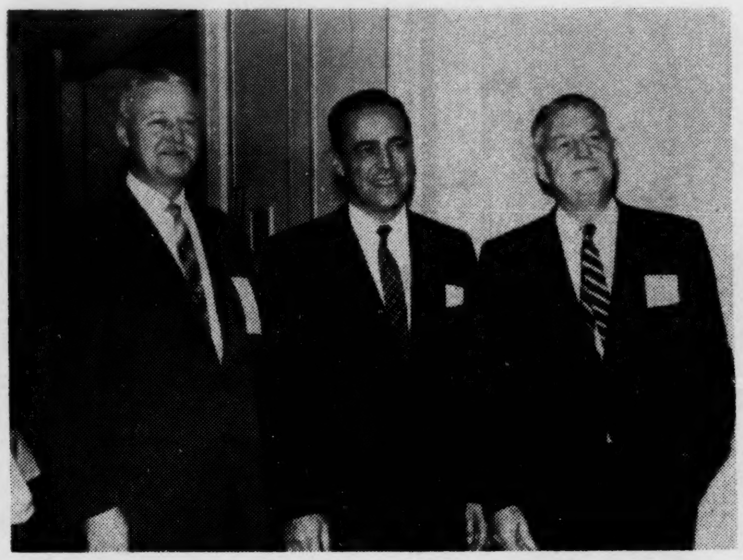
Herb Tietjen, *First Boston Corportaion*; Bud Hardy, *First Boston Corporation* (Philadelphia); Jahleel Woodbridge, *First Boston Corporation*; Jack Barker, *Lee Higginson Corporation*



Charles Bruggeman, *Dean Witter & Co.*; Joe Krasowich, *Gregory & Sons*; Les Barbier, *G. A. Saxton & Co.*; Stan Dawson-Smith, *Cruttenden, Podesta & Co.*

Hold Annual Dinner

Harry Kuipers, *Lord, Abbett & Co.;* Ken Stanford, *F. S. Smithers & Co.;* Wilbur Krisam, *John C. Legg & Company*



Walter Johnson, *G. A. Saxton & Co.;* Arthur Bertsch, *G. A. Saxton & Co.;* Calvin Cross, *Hallgarten & Co.*

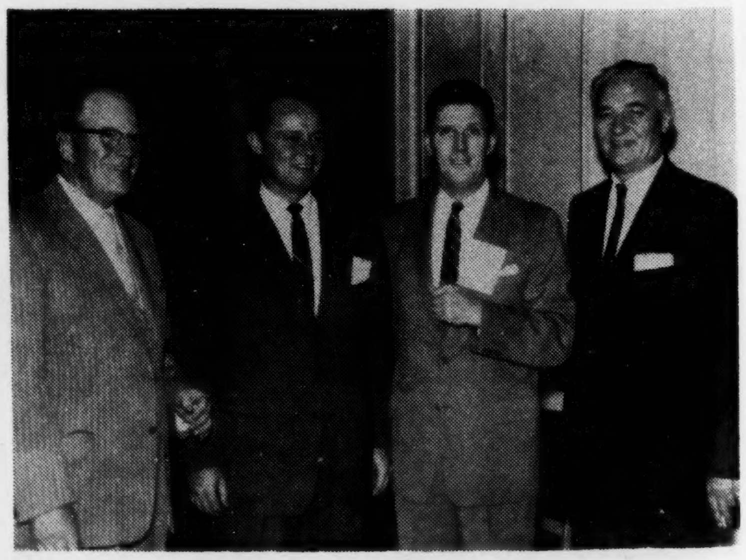
Walter Huke, *H. Hentz & Co.;* Harold W. Frank, *American Securities Corp.;* Vin Hurley, *Bache & Co.*

Ray B. Wildey, *Baker, Weeks & Co.;* Rolly Gunther, *Baker, Weeks & Co.;* Frank R. Verian, *Merrill Lynch, Pierce, Fenner & Smith Incorporated;* Harry Clark, *Salomon Bros. & Hutzler;* Arthur A. Fischer, *Salomon Bros. & Hutzler*

Vincent Shea, *Glore, Forgan & Co.;* Peter Nares, *James Richardson & Sons, Inc.* (New York); F. W. Robson, *McLeod, Young, Weir, Incorporated* (New York); Bill Boothe, *Burns Bros. & Denton, Inc.* (New York)

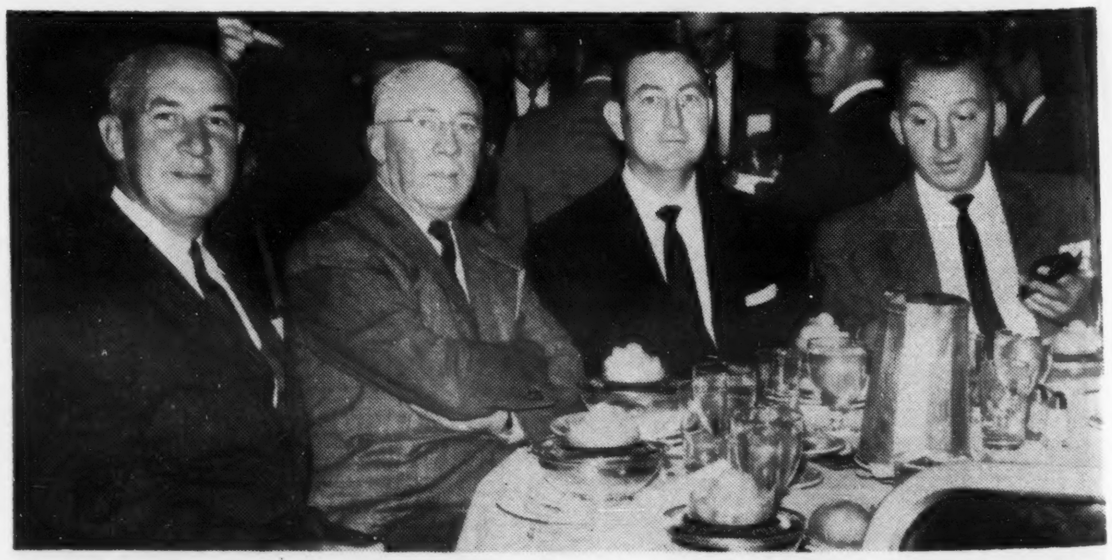
Charles Walsh, *First Boston Corporation;* Herb Fitzpatrick, *Dick & Merle-Smith;* Norman Erlanger, *Asiel & Co.;* Joe Hayes, *Eastman Dillon, Union Securities & Co.*

John Printon, *R. W. Pressprich & Co.;* Ronald Jones, *Vilas & Hickey;* Jack Thompson, *Hallgarten & Co.;* Tom Cimiluca, *First Boston Corporation*



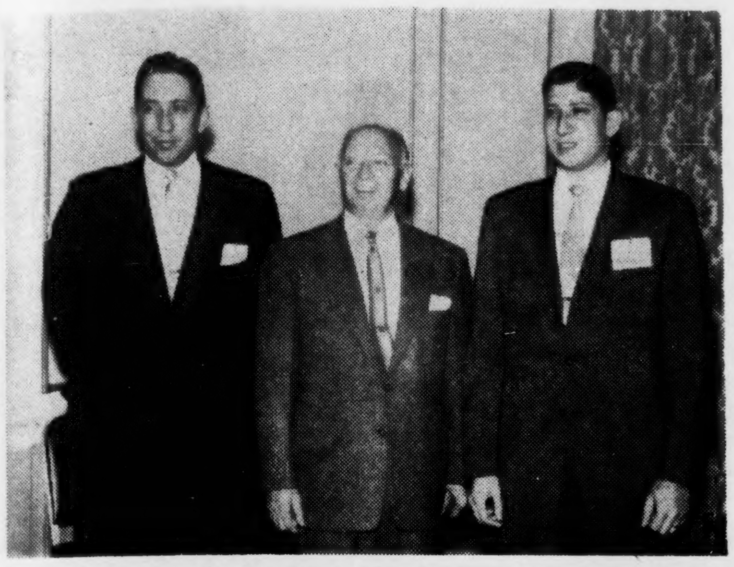
Addie Donnelly, *Reynolds & Co.;* Skip O'Rourke, *Blyth & Co., Inc.;* Dick Kearns, *Harriman Ripley & Co., Incorporated;* Vince Gowen, *Goldman, Sachs & Co.*

Edward J. Meehan, *Chase Manhattan Bank;* Bill Greene, *Brown Bros. Harriman & Co.;* John Marshall, *White, Weld & Co.;* Ken Houschild, *Chase Manhattan Bank*



Hal Murphy, *The Commercial & Financial Chronicle;* Tom Larkin, *Goodbody & Co.;* Matt McCabe, *Singer, Bean & Mackie, Inc.;* Bob De Fine, *Hirsch & Co.*

October 16, 1959



Jerry Grossman, *S. Weinberg, Grossman & Co., Inc.;* Samuel Weinberg, *S. Weinberg, Grossman & Co., Inc.;* Marty Grossman, *S. Weinberg, Grossman & Co., Inc.*

John Mayer, *Merrill Lynch, Pierce, Fenner & Smith Incorporated;* Joseph North, *Dreyfus & Co.;* Elbridge Smith, *Stryker & Brown;* Stanley Roggenburg, *Roggenburg & Co.*

James Sebold, *Coffin & Burr, Incorporated;* Matt McCabe, *Singer, Bean & Mackie, Inc.;* Harold Noke, *Francis I. du Pont & Co.;* Richard Boissier, *Francis I. du Pont & Co.*

Arnold J. Wechsler, *Ogden, Wechsler & Krumholz;* S. F. Colwell, *W. E. Hutton & Co.;* Bill Mulholland, *McLaughlin, Kaufman & Co.;* Nat Krumholz, *Ogden, Wechsler & Krumholz*

Al Tisch, *Fitzgerald & Company;* Bob Brearley, *Wood, Gundy & Co., Inc.;* Ed Horn, *Kuhn, Loeb & Co.;* Earl Van Deursen, *U. S. Trust Company*

John C. Reilly, *G. H. Walker & Co.;* Mike Heaney, *Michael J. Heaney & Co.;* Vin Gowen, *Goldman, Sachs & Co.*

Mike Schneider, *Burnham and Company;* James A. Finley, *Moody's Investors Service;* Edward Elkan, *Cowen & Co.*

Howard Parsons, *White, Weld & Co.;* Wilfred Leahy, *Cowen & Co.;* Ransom Berneburg, *Wood, Gundry & Co., Inc.*

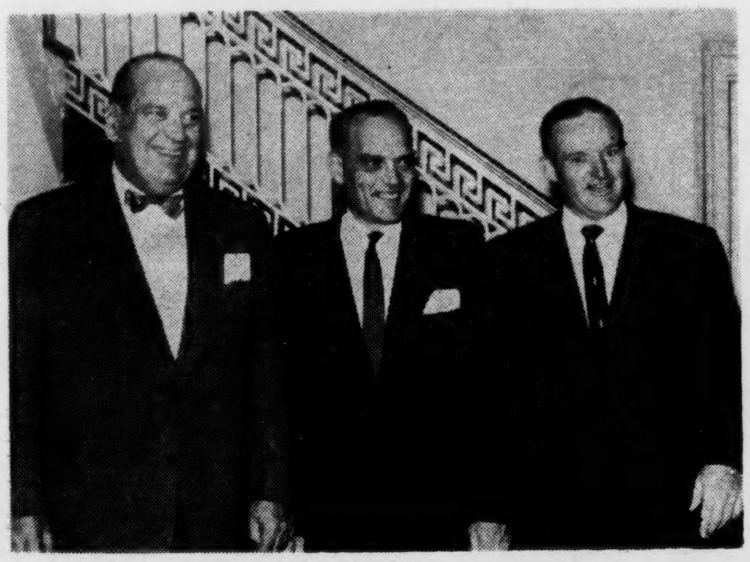
James V. O'Reilly, *Morgan Guaranty Trust Company;* Arthur Crames, *Gregory & Sons;* Herb Stern, *L. F. Rothschild & Co.;* Joe Farroll, *Gregory & Sons*

Bob Gavlin, *A. C. Allyn & Co.;* Joe Scheidecker, *Coffin & Burr Incorporated;* Fred Roughan, *American Securities Corporation;* Ralph Bornstein, *American Securities Corporation*

Charles M. Kaeppel, *Eastman Dillon, Union Securities & Co.;* Ray Pyle, *Schoellkopf, Hutton & Pomeroy, Inc.;* Howard Cox, *First Boston Corporation*

At the Roosevelt Hotel

B. J. Clancy, *Merrill Lynch, Pierce, Fenner & Smith Incorporated;* Jay Duga, *Merrill Lynch, Pierce, Fenner & Smith Incorporated;* Jim Gavin, *Merrill Lynch, Pierce, Fenner & Smith Incorporated*



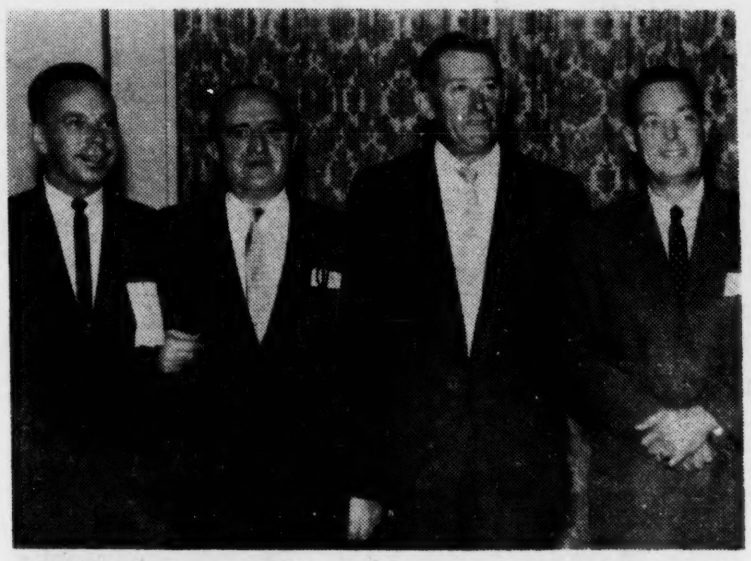
Jim McGivney, *Hornblower & Weeks* (New York); Bob Weaver, *Hornblower & Weeks* (Cleveland); Jim Mundy, *Suplee, Yeatman, Mosley Co., Incorporated* (Philadelphia)

Walter Dulin, *R. S. Dickson & Co., Inc.* (Charlotte, N. C.); Frank Welch, *R. S. Dickson & Co., Inc.* (New York); Herb Abelow, *Mitchell & Company;* Ed Whiting, *Carl M. Loeb, Rhoades & Co.*

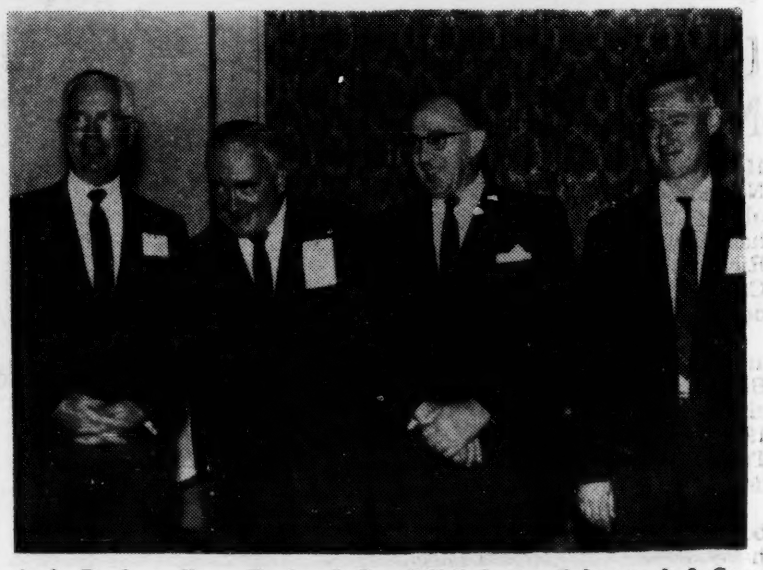
Reg Knapp, *G. C. Haas & Co.;* Bill Mueller, *Wood, Struthers & Co.;* Patty Lynch, *Wm. E. Pollock & Co.;* Larry Wren, *Allen and Company;* John Meyers, *Gordon Graves & Co.*

Homer Wirth, *Mabon & Co.;* Preston Bacon, *R. W. Pressprich & Co.;* Steve Ehrlich, *Mabon & Co.;* Jack Gessner, *Mabon & Co.;* Lou Zwahl, *Mabon & Co.*

Clarence Nelson, *Baker, Weeks & Co.;* Jim J. Concagh, *Nesbitt, Thomson & Company;* James T. Concagh, *Dick & Merle-Smith;* Seth Miller, *Stern, Lauer & Co.*



Bill Midgley, *New York Life Insurance Co.;* Edward Stein, *Asiel & Co.;* Tom Traeger, *Merrill Lynch, Pierce, Fenner & Smith Inc.* Jerry Ayers, *Bear, Stearns & Co.*



Andy Beyfuss, *Kean, Taylor & Co.;* Bill Doherty, *Fahnestock & Co.;* Jim Waters, *The First Boston Corporation;* Charles Jann, *W. C. Langley & Co.*

John M. Fitzgerald, *W. C. Pitfield & Co., Inc.;* William McKenzie, *W. C. Pitfield & Co., Inc.*

Ray Forbes, *Shearson, Hammill & Co.;* Gordon Davis, *A. P. Montgomery & Co.;* Pete Schult, Jr., *Adams & Peck;* Bill Bathon, *Adams & Peck*

Dan Fay, *Goldman, Sachs & Co.;* Dave Fitzgerald, *Harriman Ripley & Co. Incorporated;* Gene Gagen, *Chase Manhattan Bank*

of career development and contributions to the skills of the American work force. In the face of a 25 million increase in population this age group will experience a *decline* of about 2¼ million between 1955 and 1965. A little reflection will tell us why: this is exactly the age cohort born between 1930 and 1940—a period of very low birth rates in our history. As a result, the number of workers in this age group will also go down—by about 900,000 persons.

All of this points to the critical importance of the younger persons in meeting our future manpower needs. As we indicated, the group 14-24 years in the labor force is expected to go up by about 4½ million by 1965. These are the persons who *now* are exactly the boys and girls who make up the elementary school population of the U. S. A. and who in the very immediate years ahead will comprise the secondary school enrollment in this country. What we organize to do *now* in the schools will thus, in a major sense, irrevocably affect a major portion of the pivotal manpower resources of the next decade.

These then, are the dimensions of our future labor demand and supply. To have them gear in effectively is going to require the cooperative efforts of all of us at the Federal, State and local levels, in business, industry and labor. But no matter how we look at this complex, very much is going to depend on the uniquely critical contribution that the schools are going to be called on to make in providing the amount and kind of education needed to provide the nation with a work force whose talents and gifts have been developed to their maximum possible point. In a very real way, this is what we are going to need to insure continued technical progress, to raise our standard of living, to strengthen our national defense and to provide leadership for ourselves and the world.

***An address by Mr. Wolfbein at the University of Michigan.**

Individual and The Overall Market Outlook

Continued from page 12

body. As a speculation, **Great Northern Paper** has appeal.

A number of issues in the **Radio - Television** field appear to indicate higher levels. I particularly like **Magnavox** and **Motorola. Zenith Radio** also, after its steep decline from the Summer high, has appeal. A small group that has been showing above average action are two **Razor** stocks: **Gillette** and **Schick.** I am not particularly attracted to the **Rubber** group, with the exception of **Dayton Rubber**, a specialty situation. The rest of the group appears to offer no great price appreciation appeal at present levels. The **Soft Drink** stocks have shown favorable relative strength indications: **Coca-Cola** and **Pepsi Cola** are attractive.

The **Steel** group has been held back by the strike situation, but earnings could be sharply higher in 1960, particularly for the first part of the year. Most issues in this group appear to have a price appreciation potential of approximately 25%. **Bethlehem Steel** and **Youngstown Sheet & Tube** would be my selections, along with **U. S. Steel.** As specialty situations, **Copperweld** and **Harsco** are attractive.

I think the **Textiles** also are attractive. **American Viscose** and **J. P. Stevens** are good representative situations in this group. I continue to like the **Tobacco** group for income and eventual longer term appreciation. **Reynolds Tobacco** is the outstanding issue in this category.

Rail earnings have been held back by the steel strike, but here again some sizable increases in earnings could be shown for 1960. Among the attractive issues in this group are: **Norfolk & Western, New York Central, Atlantic Coast Line, Southern Railway, Chicago, Milwaukee, St. Paul & Pacific** and **Western Pacific Railroad.** In the **Miscellaneous** group, **Fansteel Metallurgical, Kaiser Industries,** which has representation in two favorable groups—aluminum and steel—and also in the potentially favorable cement group; **Singer Manufacturing** and **U. S. Freight.**

***An address by Mr. Tabell before the Association of Customers' Brokers, New York City, Oct. 13, 1959.**

Daiwa Secs. of Hawaii

HONOLULU, Hawaii—Daiwa Securities of Hawaii, Inc. has been formed with offices at 1020 Bethel Street to engage in a securities business. Officers are Masayuki Tokioka, President; Tsao Nishimura, Executive Vice-President; Masaru Uyeda, Vice-President; Kazuaki Tanaka, Vice-President and Treasurer; and Neil K. Kosasa, Secretary.

Underwood, Neuhaus Admits 4

HOUSTON, Tex. — Underwood, Neuhaus and Company, Texas' oldest investment banking firm, has admitted Tom Masterson, Richard W. Neff, Jr., Chappell F. Cashman and Stuart Hellmann to positions of ownership in the firm.

Mr. Masterson, Vice-President and Manager of the Municipal Bond Department has been associated with the company since 1956. Mr. Neff is Manager of the Trading Department, joining Underwood, Neuhaus in 1954.

Mr. Cashman and Mr. Hellmann both Registered Representatives, have served with the company for five and four years, respectively.

Underwood, Neuhaus is a member of the New York Stock Exchange and holds an Associate Membership on the American Stock Exchange. Offices of the 51-year old firm are on the ground floor of the Houston Club Building, Houston, Tex.

Chicago Analysts to Hear

CHICAGO, Ill.—Dudley A. Ward, Treasurer of the Scott Paper Co., will be guest speaker at the luncheon meeting of the Investment Analysts Socity of Chicago to be held Oct. 22 at the Midland Hotel.

Form Crescent Securities

BOWLING GREEN, Ky. — Crescent Securities Co., Inc. has been formed with offices in the Helm Hotel Building to engage in a securities business. Officers are Loton B. Jones, President and Treasurer; and Harry K. Wood, Secretary.

Who Wants to Compete?

Continued from page 3

weakened and the march toward paternalism, centralized in Washington, is quickened — with a stronger trend toward more Government ownership, more supervision of trade and industry, more over-all planning of production and imposition of price and perhaps wage controls.

There are too many people who do not believe that Free Enterprise depends on a free market, on the interplay of competitive forces, the give and take of the buyer and seller, the swings in prices responding to supply and demand. Not long ago I was shocked to hear the head of a great corporation say in a resigned tone, "Well, it's just inevitable, this increasing control and supervision by Goverment of production and prices. We can't stop it. We must learn to bend with the breeze." Incidentally, his industry had but recently succeeded in obtaining protection from foreign competition. I, for one, don't want to bend as my friend recommended.

Too often the businessman seems to wish a genteel sort of competition. If domestic or foreign competitors take off their gloves and competition becomes tough, our genteel businessman rushes off to his friends in Congress to get a subsidy of some sort. Occasionally this happens even when the industry concerned would still be prosperous without Government help. Of course, a greater role by Government in the management of American business becomes more likely the more its help is sought by business. You can't have your cake and eat it too. If the law of supply and demand is too tough for businessmen to take, the ups and downs of prices in protected industries may prove to be too tough for the Senators and Congressmen to take. And it will be hard to blame them. Naturally they are going to watch the price structure of those industries to which they have given tax preferences or tariffs or other forms of subsidy. The temptation to tell those industries what their prices should be will be very great.

There are a number of laws on our statute books which are designed to foster competition. That is one of the purposes of the Sherman Act and the Clayton Act. But fostering competition is certainly not the purpose of those laws which encourage stockpiling at fixed prices, provide special tax advantages or special tax disadvantages for selected industries, establish import quotas, impose so-called fair trade practices or otherwise subsidize and protect industry and agriculture. So often preferences are granted to industries on the grounds that they are necessary for national security. In some cases the connection with national security has seemed to be very tenuous. The label on the package is not fairly descriptive of the contents. National security, I submit, rests primarily upon a national economy that is strong and vigorous. Energetic competition in quality, distribution, and in price as well, is a sure means of maintaining the tone and muscle of our Free Enterprise system.

Labor and Tariff Pleas

In many cases it was not too difficult for businessmen to persuade Congress to enact these laws. Labor gave its consent, and for the most part they were happily enacted by the politicians. You see, Senators and Congressmen, very humanly and naturally, want to protect their local interests. They know, as we all know, that in the long run their States will be prosperous only as the nation's economy as a whole is efficient. Yet politically they feel obliged to serve the immediate rather than the long-term interests of their constituents or the interests of the nation as a whole. They don't appear to have too much faith in the benefits of competition.

Tariffs were originally imposed to protect the infant industries of our new nation when its economy was weak. That era is now long past. It is true that since the last war our tariffs have in general compared favorably with those of most countries. In particular, however, we have made several noteworthy retreats from liberal trade policies. I refer to quotas and tariffs imposed in recent years on the importation of various minerals, manufactured products and agricultural products. And the threats of further tariff increases are always with us.

So many businessmen, often supported by the representatives of labor, are forever urging that we maintain higher tariff barriers against the products of the "sweated" foreign labor. In this case New Englanders, your neighbors and mine, are often in the vanguard of agitation. Too many businessmen seem to think that the ideal situation would be one where tariffs were just high enough to offset lower labor costs abroad. They argue that competition could then proceed on a fair basis, everyone on equal footing. Of course, in such a situation there would be no point or profit in foreign trade. It would just stop. But trade we must, if we are to remain a prosperous nation.

"Make-Work" Practices Decried

Yes, like the rest of us, labor too does not appear to welcome competition. Not only does it seem to dislike foreign competition, but, with the possible exception of John Lewis, it doesn't seem to like the competition of inventors who design machines which can produce goods of quality more cheaply and more rapidly than humans can. I believe that as new machines and technology sometimes require a shift of labor from one kind of work to another, or from one place to another, Goverment or industry, or both, should provide means to make the adjustment fair to the workingman. But rather than seeking the best means to ameliorate a man's temporary unemployment and to help in the creation of a job which will preserve his interest in producing, and his pride and dignity as a citizen, labor unions too often seek to find him a sinecure — a feather bed. Believe me, the fine minds of a David McDonald or a Walter Reuther were not sharpened by spending their early careers in make-work jobs. The heads of the Railroad Brotherhoods would not be the smart leaders they are if as younger men they wasted their time as so-called firemen on our modern diesel locomotives, who have little to do beyond looking out the window of the cab a few hours a day, year after year. Incidentally, no such nonsense goes on in the railroads of Canada.

I'm not saying every job in industry is a stimulating one. I am only saying that the "make-work" practices demanded by unions and too often compliantly accepted by management—the attempt to nullify the competition of machines—these are bad for our national economy and bad for the quality of our society. There is no laboring man in the world who works harder and more effectively at his job than the American. He is ill-served by his leaders when he is not permitted to give his best.

I need hardly add that the nation's competitive position is hurt by repeated increases in wages well beyond increases in the productivity of labor. And to the extent management succeeds in obtaining Government help to offset increasing labor costs, labor leaders are surely encouraged to continue pressing for higher wages. Which is the chicken and which is the egg? Who stops the spiral? The businessman with sympathetic friends in Washington? Wise labor leaders? The United States Government? The American steel industry?

I shall not discuss our nation's grave farm problem but it would appear to me that an unwillingness to recognize the inevitable impact of competition is a factor in this distressing mess. And in other areas, too, Government shows little interest in fostering competition or in dealing with it on the basis of reality. An example is its treatment of the railroads over a period of many years. Its discrimination against the nation's lowest cost and most efficient carrier in the mass has gravely weakened that essential industry.

The most recent example of Congressional disbelief in the benefits of competition is in the field of Goverment finance. As you well know, Government bonds with a maturity of five years or more are limited to a coupon rate no higher than 4¼%. This provision was contained in a law passed in 1918 in connection with the final Liberty Loan issued to finance our costs in World War I. Congress has refused to repeal this provision. It apparently fails to realize that the United States Government must compete with other borrowers to attract the savings of our people. This refusal which prevents the Treasury from funding its debt by sales of bonds to investors in the public market, a practice followed by every mature and solvent nation in the world, poses an immediate danger and a grave threat to our economy.

Unless Congress acts on this matter before too long, permitting Secretary Anderson to fund his debt when and as he deems it advantageous to do so, the world's confidence, and that of foreign investors, in the soundness of the dollar may be shaken. The Government's credit as well as the nation's economy may be damaged. One certain result of the Treasury's dilemma will be continued pressure on short rates, bringing with it recurring periods of unsettlement in long-term money markets. During this past week you have seen some unwelcome effects of this situation.

I had a talk last summer with a member of Congress, a personal friend with a reputation for high intelligence and ability. On so many social and international problems his judgment is respected. On this question of eliminating the 4¼% restriction on the interest rate of long-term bonds he registered a complete blank. He seemed unaware that the issue was one of prime importance. Someone had given him an idea, however. Why couldn't the Government, he asked me, until money rates had eased a bit, raise its necessary funds by requiring the banks to carry additional prescribed reserves to be invested in the form of long-dated Government securities? Now, my Congressional friend thinks of himself as a staunch supporter of the civil liberties which should characterize a democracy. But he fails to realize that purchases of Government debt forced on any individual or institution are more often characteristic of dictatorships than of democratic nations. My Congressional friend perhaps forgets that freedom is indivisible.

I spoke earlier of the tax legislation which businessmen occasionally seek to improve their competitive position. In that connection, and having heard some of the savings banks' discussions, I wish to refer to the obvious concern about the possibility of Congressional action which could result in an increase in the tax burden of mutual savings banks. Such taxes would, of course, be borne directly by the depositors. It is natural, therefore, that the trustees of depositors' interests should oppose taxes which seem inequitable or inconsistent with sound principle.

Because they are the medium through which people of modest means pool their savings for investment, mutual savings banks have from their earliest beginnings been accorded a different tax status from that of banks, which seek profits for their owners who have furnished them their capital by the purchase of stock. Savings banks have been chartered by States. But the Federal Government also has recognized the important role of savings institutions. I refer to the legislation upon which the system of savings and loan associations has been built.

My guess is that out of the lively discussions of the past year Congressmen from all over the country will have gained a renewed awareness of the importance of the role which savings institutions play in our nation's economy. It is my belief that when legislation affecting mutual banks is considered, Congress will study all possible effects of such legislation upon the very essential services which they perform in mobilizing the savings of our people. It will not act hastily or in total disregard of the unique position of savings banks which it has recognized in the past. I have confidence that if legislation affecting mutual savings banks is eventually passed, they will be able to live comfortably and prosper under it.

There is one more area of competition of which I wish to speak and in which I deeply believe. I refer to the competition of ideas —of ideas we believe in and of ideas we dislike. The free press and the colleges and universities of our nation are the leading market places for the competition of ideas. Like the press, the free faculties of our universities engage in constant battle with each other and with the rest of us. Some papers, some professors, hit the nail on the head for you and me. What they write really makes sense. Other newspaper editorials, other professors, seem to express ideas which sound just plain cock-eyed to you and me. But it is the competition between all ideas which makes for more complete understanding of our nation's problems and creates an informed public opinion. The maturing mind of youth is made the keener, his critical faculties the stronger, if in his educational experience he has been forced to discriminate and choose between competing ideas. I believe that the Free Enterprise system to which we are so deeply committed will remain free only as long as all freedoms granted by our Bill of Rights flourish throughout our land.

*An address by Mr. Lamont before the Savings Banks Association of Connecticut, White Sulphur Springs, W. Va., Oct. 9, 1959.

Joseph Manwaring Now with Dempsey-Tegeler

(Special to The Financial Chronicle)

LOS ANGELES, Calif.—Joseph R. Manwaring has become associated with Dempsey-Tegeler & Co., 210 West Seventh Street. Mr. Manwaring was formerly an officer of First California Company, Incorporated.

James C. Hodge, Bucklen Holland, Peter C. Olmstead and R. Daniel Olmstead, Jr., have also joined the firm's staff. All were formerly with Pacific Coast Securities Company.

Woodcock, Hess, Moyer in New Quarters

PHILADELPHIA, Pa.—Woodcock, Hess, Moyer & Co., Inc., members of the New York Stock Exchange and other leading exchanges, announce the removal of their offices to the 16th floor of the Fidelity-Philadelphia Trust Building.

Daniel J. Taylor

Harold P. Woodcock, President, stated that the new offices provide the firm with considerably more floor space and has also enabled it to install improved facilities for further expansion of service to clients.

At a meeting of the Board of Directors of Woodcock, Hess, Moyer & Co., Inc., Daniel J. Taylor was elected Executive Vice-President; Robert S. Woodcock, Vice-President; J. Miller Karper, Treasurer; H. Palmer Woodcock, Jr., Secretary and Richard M. Mahar, Assistant Secretary.

Ralph E. Hendee and C. Leigh Moyer, Jr. continue as Vice-Presidents and Charles H. Eckel as Assistant Treasurer of the firm.

Southern Bell Debs. Offered

Halsey, Stuart & Co. Inc. and associates on Oct. 21 offered an issue of $70,000,000 Southern Bell Telephone & Telegraph Co. 35-year 5½% debentures, due Oct. 1, 1994, at 102.36% and accrued interest to yield 5.35%. Award of the debentures was won by the underwriters at competitive sale held on Oct. 20 on its bid of 101.26%. The debentures are to be redeemable at optional redemption prices ranging from 108.36% to par, plus accrued interest.

Net proceeds from the sale of the debentures will be used initially to repay advances from the parent company, American Telephone and Telegraph Company, expected to total about $65,000,000, which were incurred for construction purposes. The remainder of the proceeds will be used for general corporate purposes.

The company is engaged in the business of furnishing communication services, mainly local and toll telephone service in Alabama, Florida, Georgia, Kentucky, Louisiana, Mississippi, North Carolina, South Carolina and Tennessee. On June 30, 1959, the company had 6,505,195 telephones in service. Other communication services furnished include teletypewriter exchange service and services and facilities for private line teletypewriter use, for the transmission of radio and television programs and for other purposes.

For the six months ended June 30, 1959, the company had total operating revenues of $378,370,088 and net income of $55,690,299. At June 30, 1959, the company's capital stock equity was $1,253,584,460; funded debt was $465,000,000 and advances from the parent organization were $68,300,000. At Dec. 31, 1953, these figures were $750,786,545, $210,000,000 and 8,600,000, respectively.

Professional Planning

LONG BEACH, N. Y. — Professional and Executive Planning, Inc. has been formed with offices at 48 East Park Avenue, to engage in a securities business.

AS WE SEE IT *(Continued from page 1)*

natural forces. But, of course, this is unfortunately not now a world securely at peace, and there are certain nations or governments with definite and determined policies of imperialism. At least some modification of the full free trade doctrine which otherwise would be obviously in the interest of all must be made. No nation can afford to become or to remain, if it can help it, too dependent upon other nations for goods—whether they be strictly military in nature or not—that are or would be in an emergency essential to life or self defense.

This is also a world in which the past has laid a deep impress upon the present. Industries have grown to immense size here, in response to certain national policies of protectionism. In some instances the dislocations that would be induced by a too drastic or too sudden alteration of these conditions would be tantamount to chaos. We have also encouraged the growth of labor unionism and of labor policies which place domestic producers in many instances under severe labor cost handicaps when competition from abroad appears. Relaxation of our protectionism, if undertaken, must of necessity take all these and other similar factors into account.

No Reason for Supineness

We must not, however, for any or all of these reasons suppose for a moment that we can afford to let protectionism run its course, or rather run the course that would be laid out for it by the many elements in the population which have now acquired a vested interest in it. No one even moderately well informed can doubt that if what may be termed the tariff lobbyists were allowed to have their way, we should proceed to more and more protectionism until presently we were operating in a veritable closed economy—which could spell very serious economic penalties. We have reached a stage where not only large industrial interests, but wage earners have in a sense acquired a vested interest in extreme protectionism in some instances—or at least believe that they have. Not only that, but the southern states, once cotton growers for the most part, have now become so largely industrialized that they are no longer interested in restricting protectionism.

But for all that, the goal of freer international trade must not be lost to sight. The upward trend of prices during the past two decades has, of course, reduced the burden of many tariff rates in one degree or another. These decades, however, have witnessed an enormous growth in direct restrictions in the form of quotas and the like throughout the world. In any event, the creation of conditions which would make much greater freedom of trade all through the world feasible, and an accompanying actual freeing of the movement of goods would be about the biggest boon to all lands that can readily be imagined. This applies to this country as well as to many others—among some of which there has of late years been a concerted effort to reduce the stringency of some of the war-born restrictions.

One thing is certain. If headway is to be made in helping backward peoples to improve their status, and in doing so upon anything approaching a business basis, much freer movement of goods in international trade generally will be quite necessary. This, of course, applies in one degree or another to all countries, but it is of particular significance in the case of the United States. We are for one thing among the leading nations—we had better say, the leading nation — in advocating and in practicing the use of "loans" to replace outright gifts in rehabilitating and developing distressed and backward peoples, as we are now by far the leading nation in outright gifts to these peoples. So long as conditions are such as those now existing, we are and will be ever in danger of deceiving ourselves with foreign "investments" —particularly when the "investing" is done in response to political pressure and largely under political control.

Much Is Involved

It is obvious, of course, that a good deal more is involved than modification of tariff rates or laws or in easing other types of restrictions upon international movement of goods. Modern protectionism is but part and parcel of the extreme nationalism of the day—as well as of foolish notions about how the wealth of nations can be increased and nourished. Various and unfortunate experiences of the past have led many so-called backward nations to be extremely suspicious of those who offer a helping hand today. So far as we are concerned, conditions have to be altered at home to make payment of service on debts economically feasible at the same time that conditions in underdeveloped lands have to be modified so that goods will be produced in abundance for shipping here. And, of course, world tensions must be eased and international confidence restored if headway is to be made.

Our role is the more difficult by reason of the fact that we reached the creditor nation status less by gradual economic evolution than by the cataclysmic forces of two world wars. But we must not for that reason close our eyes to the needs of the situation.

Eastern Pa. IBA Group Luncheon

PHILADELPHIA, Pa.—The Eastern Pennsylvania Group of the Investment Bankers Association will hold a luncheon meeting today, Oct. 22, in the ballroom of The Barclay Hotel.

Ivan H. (Cy) Peterman, noted syndicate columnist and lecturer will be guest speaker. His subject will be: "Khrushchev's Visit—Its Plus and Minus."

Daitch Crystal Debs Offered

The offering of $3,500,000 principal amount of Daitch Crystal Dairies, Inc. 5½% convertible subordinated debentures, due Oct. 1, 1979, at 100%, plus accrued interest from Oct. 1, 1959 was over-subscribed and the books closed. The offering was made by a group headed by Hirsch & Co. on Oct. 20.

The debentures are redeemable on and after Oct. 1, 1961 at optional redemption prices ranging from 103½% to par, plus accrued interest. The debentures will also have the benefit of a sinking fund commencing Oct. 1, 1964, and will be redeemable through operations of the sinking fund at 100%, plus accrued interest. The debentures will be convertible into common stock, unless previously redeemed, at conversion prices ranging from $14 per share up to and including Oct. 1, 1964, to $19.25 per share through Oct. 1, 1979, subject to adjustment in certain events.

Net proceeds from the sale of the debentures will initially be added to the company's general funds and subsequently used for the repayment of short-term loan from The Chase Manhattan Bank; to defray the cost of opening new supermarkets, and for additional working capital to be used principally to carry increased inventories.

Daitch Crystal Dairies, Inc. with its principal executive office in the Bronx, N. Y., is engaged principally in the operation of a chain of supermarkets and dairy stores which numbered 77 on July 5, 1959. These stores are located in Bronx County, Westchester County, Manhattan, Nassau County, Queens County, Rockland County, Sullivan County, in New York, and Connecticut and New Jersey. These stores distribute company brand products including milk and dairy products, as well as other brands of foodstuffs and, in most instances, certain non-food items. The company also serves and supplies 10 additional agency stores, not owned by it but licensed to use the name "Daitch."

For the 26 weeks ended July 4, 1959 the company had total income of $40,136,494 and net income of $554,711. Upon completion of the current financing, outstanding capitalization of the company will consist of $7,140,080 of long-term debt and 1,504,611 shares of common stock.

BANK AND INSURANCE STOCKS

BY ARTHUR B. WALLACE

This Week — Insurance Stocks

CRUM & FORSTER

Crum and Forster is an interesting holding company in the insurance stock field. It was incorporated in 1907, and in 1955 Crum & Forster Securities Corporation which had been incorporated in 1914 under Delaware law, was merged with Crum and Forster. The latter company held a 222,982-share interest in the Securities Corp., and at the time of the merger this block of stock was cancelled out and no shares issued for it. The other holders of the Securities Corp. stock received 1.4 shares of Crum and Forster stock for their holdings.

At the end of 1958, Crum and Forster's capitalization consisted of 81,300 shares of 8% cumulative preferred stock of $100 par value, and 826,429 shares of $10 par common. However, the 81,300 shares of preferred were redeemed at $115 a share on June 30, 1959.

Crum and Forster owns controlling interests in and acts as underwriting manager for three insurance direct writers: North River Insurance Co., United States Fire Insurance Co., and Westchester Fire Insurance Co. Also included is a small unit, International Insurance Co. In addition, Crum and Forster has an interest in a number of other companies, insurance, utility and industrial, its total holdings having been listed at the end of 1958 at $99,496,323.

Earnings of Crum and Forster are derived from two sources, dividends on stock holdings and from commissions which it receives as underwriting manager. For the commissions which it earns, it supervises the underwriting operations of the companies in its group, and, generally, runs their operations. For the greater part, it is a multiple-line business, although the greater part is confined to fire and allied lines. Generally speaking, the underwriting results of the underlying units have been profitable, and above average.

The company reported a substantial improvement in the underwriting operations of its units in 1958. The combined loss and expense ratio was 99.85%. After Federal income tax provision, net earnings for 1958 were $7,678,793 versus $4,899,433 in 1957. The company carries a voluntary reserve for fluctuation of security values of $26,536,223.

Balance Sheet — December 31, 1958

Cash in Banks	$3,309,818	Accounts Payable**	$19,315,412
U. S. Government Bonds	628,062	Reserves:	
Other Securities	99,496,323	Taxes, Expenses, etc.	1,287,131
Accounts Receivable*	17,170,561	Pensions	4,167,018
Loans Receivable	1,268,743	Voluntary Reserve for Fluctuation of Security Values	26,536,224
Furniture and Fixtures	1	Dividends Payable	575,814
	$121,873,508	Capital—Preferred***	8,130,000
		Common	8,264,290
		Surplus	53,597,619
			$121,873,508

*Principally Agents' Balances.
**Principally Insurance Company Balances.
***Preferred stock redeemed June 30, 1959.
NOTE—No provision made for income taxes on unrealized appreciation of securities.

It also is to be noted that at the close of 1958 the contingent liability "under guarantee of the general contract for the building construction project of 110 William Street, New York, a subsidiary company, was $13,365,334." However, no guarantee by Crum and Forster in connection with the project will continue after completion of 110 William Street Corp.'s long-term mortgage financing.

Seven-Year Statistical Record — Per Share

	Gross Income*	Earnings	Dividend	Net Asset Value	— Price Range — High	Low
1952	$9.91	$2.04	$1.60	$70.70	46	37⅞
1953	10.59	2.08	1.60	64.15	53¼	45
1954	11.70	2.32	1.75	84.93	66½	44¾
1955	13.45	2.56	1.85	97.87	75½	60
1956	15.13	2.67	2.00	79.54	69½	56
1957	16.13	2.71	2.00	76.69	59¾	42
1958	16.92	3.11	2.00	106.96	69	46½

*In millions.

For long periods Crum and Forster has consistently sold at a market price well below the asset value of the shares, a one-to-two ratio not being at all uncommon. In the above seven-year period the average mean between the high and the low prices was, in rounded figures, $60.30; but the average net asset was approximately 83. So that the stock should have appeal to the security buyer who seeks equity rather than cash income. Earnings in the seven years increased about 44%; net asset value about 72%.

The management of Crum and Forster has long been regarded as conservative; and the underlying insurance units enjoy excellent reputations.

CORRECTION—Harold W. Lewis, Vice-President of the First National Bank of Chicago, advised us under date of Oct. 19 as follows:

"In your column in the Oct. 15 issue, you analyze the Continental Illinois National Bank and Trust Company of Chicago.

"In reading the article, we noted an error which occurred in the last sentence of the first paragraph; namely, 'It is today the largest bank in the Middle West, measured by deposits.' This does not happen to be the case. On Dec. 31, 1958, our deposits were in round figures, $2,706,000,000 and the Continental's $2,555,000,000—a differential of $151,000,000 in our favor. On June 30, 1959, our deposits were $213,000,000 in excess of the Continental's, and on Oct. 6, 1959, the date of the last call, our deposits were $2,536,000,000 and the Continental's $2,260,000,000, or a differential of $276,000,000.

"Not to prolong the discussion, but on Oct. 6, 1959 in the matter of loans, we showed a total of $1,508,000,000 and the Continental $1,212,000,000, or a differential of $296,000,000.

"I thought you would like to have these figures in order to print a correction in respect to the sentence quoted above."

Where Does Growth Money of Companies Come From?

Continued from page 14

preferred stock issues, however, since the dividend received credit of preferred stock is of interest to them as are the capital gain possibilities of the warrants that have accompanied many such issues. The increased income tax liability of life insurance companies has brought many such companies into the preferred stock market this year. Mutual funds which have income as their investment objective seek high yields and therefore purchase a limited amount of junior subordinated debt and preferred stock.

The management of X Company would have to decide the type of stock or debenture it could best sell to institutional investors.

Starting at the bottom of the capital structure common stock of finance companies is not normally placed with institutions unless a public market exists and even then only in limited quantities. Among other considerations, the owners of a company may be reluctant to have a large block of common stock in the hands of a single holder. Private sales of debt or preferred stock convertible into common stock or with warrants to purchase common stock are frequently accomplished and are in effect contingent sales of common stock at a premium above its market value at the time of sale.

"Equity Kicker"

The private placement of preferred stock without an "equity kicker" is difficult and expensive today even for leading companies despite the tax advantage of the dividend received credit. The equity kicker may be a full conversion right or warrants to purchase common stock of the company in amounts ranging from 50% to 100% of the value of the investment. In some cases insurance companies take warrants in closely held companies and grant the owners of the company the first right to repurchase the warrants. The repurchase price might be a price related to the book value of the stock at the time of repurchase. Also the purchaser will usually demand the right to require the company to register the stock at the request of the purchaser so that the expense of registration should be viewed as an additional cost of the financing. Dividends of 6% to 7% or higher are necessary on straight preferred stock while those with an equity kicker might be ¾ of 1% or so lower. The limited market for preferred stocks, coupled with the high cash cost compared to debt, makes the sale of preferred stock advantageous only for those companies that are able to spread the cost over a capital structure well pyramided with issues of junior subordinated, subordinated and senior debt approaching the maximum amounts permitted.

Junior subordinated notes also have a limited market. Since they normally are a part of the base for subordinated note borrowings, many companies explore the possibility of selling them. Insurance companies and certain institutional investors which seek higher yields are the best market for junior subordinated issues. Privately placed junior subordinated notes have been placed at rates ranging from 5% to 7¼% and higher, the lower rates being convertible or accompanied by warrants.

The most sought after of all funds are subordinated notes. These are usually the least expensive means for a developing finance company to increase its capital funds. It is difficult for smaller finance companies to accomplish this type of financing at this time without an equity kicker because of the strong demand and high interest rates on senior funds as explained below. The best sources of subordinated funds for the company offering for the first time are the medium-sized insurance companies. Smaller companies are now placing subordinated note issues with rates in the ¼% to 6¾% range and now that such rates are no longer indicative that the investment is risky as was the case in earlier periods, some institutions are allocating funds for such issues.

Long-term senior notes are sold by larger companies that wish to place a portion of their senior funds on long-term basis or by smaller companies for the same reason and for the additional reason that they cannot obtain adequate bank lines in their operating areas. This last condition particularly applies to small loan companies operating in the Midwest and Far West. Since the senior notes can be issued as a multiple of net worth, instead of a fraction of net worth as in the case for subordinated notes, the current constriction of bank lines brings substantial offerings of long-term senior notes into the private placement market. Some offerings of senior notes carry rates as high as 6½-6¾%. With such high yields many insurance companies perfer senior paper and reach their investment limits very quickly. Having reached its investment limit, an insurance company is reluctant to add any new names.

General Limitations

There are some general limitations which institutional lenders apply to the issuance of preferred stock and debt securities by finance companies. Generally, preferred stock is not permitted to

exceed 25% to 50% of common stock and surplus, and junior subordinated debt is limited to 25% to 50% of net worth. Usually, subordinated debt may not exceed 50% of the sum of net worth plus junior subordinated debt with the provision that the aggregate subordinated and junior subordinated debt will not exceed net worth. Senior debt (which includes bank loans, commercial paper and senior long-term debt all ranking equally) is limited to two to three times the sum of subordinated debt, junior subordinated debt and net worth. Most insurance companies require about 50% of senior debt to be with banks at all times. They know that banks will re-examine the borrower's financial condition at frequent intervals and may insert a provision in the loan agreement that their loan can be called if any bank withdraws a line of credit.

Tangible net worth is limited to current, tangible assets invested in finance operation (or, to a limited extent, in an insurance subsidiary) after adequate reserves. Other investments, fixed assets and prepaid and deferred expenses are also deducted.

Investment Banking Services

The cost of private placements inevitably leads to the question of using the services of an investment banker to place and negotiate the issue. While there is an element of self-interest in my approach to this question, certain services of the investment banker are of particular importance to companies coming to the private placement market for the first time.

(1) The investment banker will analyze the record of your company and give an opinion as to the types and amounts of securities you can issue based on the condition and record of your company and the money market at the time. Steps may also be suggested which will improve the company's ability to make a private placement in the future if it is felt the proposed issue cannot be offered successfully on acceptable terms at such time.

(2) The investment banker will suggest terms tailored to the needs of the company and acceptable to the institution to which it is to be offered.

(3) The private placement market is broad and an experienced investment banker can select the possible purchasers most likely to be interested in the securities and the terms being offered.

(4) An offering by an investment banker carries a certain indorsement by the banker. An institution assumes that the banker has investigated the issuer and is satisfied that the company's record and prospects, as well as the ability of its management, will meet the lender's standards.

(5) The banker prepares a memorandum summarizing the proposed financing, pertinent data on the company and an outline of terms. Normally, this will be sufficiently informative to enable the institution to reach a decision subject to a personal visit by a staff member.

The service charges of investment bankers vary from ½ to 1% to 3% of the face amount of the issue placed. The borrower also, as a rule, pays the fees of the special counsel employed by the institution to draw the loan agreement in addition to his own counsel's fees. These range from $1,000 up to $5,000. While fees tend to vary with the type and size of the issue, you should bear in mind that the amount of work involved in a $10,000,000 placement may not be any greater as in a $500,000 placement. The selling job may be even harder. Ordinarily, no fee is paid unless the issue is placed on terms acceptable to the borrower.

Improving the Situation

Insofar as qualifying companies for long-term private placements, there are certain things which will be helpful when entering this market.

(1) **Maintain stable earnings.** A stable rate of growth is preferable to widely fluctuating profits.

(2) **Build adequate reserve for losses.** Reserves range from ¼ of 1% of outstanding receivables to as high as 7%. Generally, insurance companies will exclude the loss reserve in computing the company's net worth, but the absence of adequate reserves will have to be justified.

(3) **Bank relationships are of prime importance.** Obtain lines of credit with lending banks, including, if possible, some in metropolitan areas other than those in which your office is located. Credit lines with leading New York and Chicago banks are always helpful.

(4) **Build an effective management team in depth.** Since insurance companies are advancing funds for 10 to 15 years, continuance of the business under capable management is a major consideration. The company that relies upon the genius and hard work of a single man may encounter difficulty with insurance companies. It is important that young people be developed who can carry on the business. Many insurance companies ask that upon the death or incapacity of certain key management people the insurance company have the right to call the loan within a specified period if it is not satisfied with the new management.

(5) **Employ a recognized firm of certified public accountants.** An unqualified opinion by a well-known, reputable firm of accountants assures the institution of the validity of the financial statements. Many small, local firms do a competent job, and will be acceptable provided the insurance company is assured of the accountant's independence.

If X Company chooses the public route, it would more than likely select a convertible junior subordinated issue, coupled with a limited number of common shares. Convertible preferred stock is also popular but more costly. Any of these issues would increase the capital base for subsequent issues of long-term subordinated or senior notes, for additional bank borrowings or secured borrowings from a bank or a rediscount company.

Public issues of finance companies with earnings of about $100,000 per annum after taxes require a specified sales effort. The number of underwriters willing and able to accomplish such offerings are limited, but a banker will undoubtedly know of a reputable house. The cost of a public offering may range from 10 to 20% of the dollar amount of the issue, including underwriting discounts, printing, legal, auditing and other costs. The advantage of a public offering lies in the fact that substantial amounts of money can be raised from this source on terms and, frequently, at interests rates more attractive than those available from private sources. In some instances prices of a company's securities and its ability to continue to raise funds from the public have become dependent upon payment of substantial dividends on its common stock. In the event of a decline in the earnings, such a company may find its dividend requirements taking substantially all its earnings, particularly as convertible issues approach conversion expiration dates and the holders of such securities must choose between conversion to common stock or loss of the conversion right. This route offers a very rapid means to develop a company and in many instances is well worth the cost involved particularly if the company has an opportunity to expand its offices rapidly.

If the earnings record of X Company is good and is reflected in a steady increase in its per share earnings while 40% to 60% of its earnings is retained for internal growth, its common stock should enjoy a market value up to 200% of the underlying book value. This would mean that the stock held by the owners would have appreciated substantially and also X Company would have a new currency for use in acquiring other companies. Many sellers prefer to take stock of a growth company and thus to avoid the capital gain tax and to continue to participate in the growth of the industry.

Eventually the securities of X Company may qualify for listing on a stock exchange. Listing on regional exchanges can be obtained at a fairly early stage. The New York Stock Exchange requires that at least 300,000 shares of common stock be held by 1,500 stockholders, that the company show earnings of at least $1,000,000 per annum after taxes and under competitive conditions, and that tangible assets and market value of securities be $7,000,000 or more. I am sure that some companies, though of modest size today, will someday be listed on the New York Stock Exchange.

*Address by Mr. Melis before the National Consumer Finance Association, Seattle, Wash., Oct. 2, 1959.

Fed. Intermediate Credit Banks Offers Debentures

The Federal Intermediate Credit Banks on Oct. 20 offered a new issue of approximately $129 million of 5.20% nine-month debentures, dated Nov. 2, 1959, and maturing Aug. 1, 1960. The debentures are priced at par and are being offered through John T. Knox, Fiscal Agent, and a nationwide selling group of securities dealers.

Proceeds from the financing will be used to refund $183,200,000 3.45% debentures maturing Nov. 2, 1959.

Texas Gas Pfds. Stock Marketed

Dillon, Read & Co. Inc. on Oct. 21 headed a group of underwriters which offered 150,000 shares of Texas Gas Transmission Corp. second preferred stock, 5¼% convertible series, $100 par value, at $100 per share.

The shares of second preferred stock are convertible into common stock at $33⅓ per share, subject to the corporation's right of redemption.

Net proceeds from the sale of these securities, together with the proceeds from a contemplated private placement of $30,000,000 principal amount of first mortgage pipe line bonds, 5⅝% series due 1979, are to be used to pay the cost of the corporation's current expansion and construction program. The program is estimated to cost approximately $45,000,000 of which $40,000,000 will be used for construction of new facilities to transport gas for Hope Natural Gas Co., a subsidiary of Consolidated Natural Gas Co.

Texas Gas Transmission Corp. has entered into a 20-year contract with Hope Natural Gas Co. to transport up to 100,000 Mcf of natural gas daily from various in-shore and off-shore areas in southern Louisiana to the terminus of the corporation's pipeline system near Middletown, Ohio. From that point Texas Eastern Transmission Corp. will further transport the gas to the Consolidated Natural Gas System. In addition, Texas Gas plans to spend approximately $5,000,000 for further development and expansion of its underground storage facilities.

Texas Gas Transmission Corp. owns and operates a natural gas pipeline system extending from east Texas to Ohio with a daily delivery capacity which will have been increased to 1,469 million cubic feet by the 1959-1960 heating season, assuming completion of the current expansion program is on schedule. Approximately 46% of sales are made to 64 public utility distributors serving communities in Arkansas, Mississippi, Tennessee, Kentucky, Illinois, Indiana and Ohio; 36% to Texas Eastern Transmission Corp. and The Ohio Fuel Gas Co. for resale in the Appalachian area; 6% to American Louisiana Pipe Line Co. for resale to the Detroit and Milwaukee areas; and the remaining 12% are primarily direct sales to industrial customers and intrastate sales for resale. Approximately 4% of the system's requirements was obtained from its subsidiary, Texas Gas Exploration Corp., which as of June 30, 1959 had estimated net reserves of approximately 110 billion cubic feet of natural gas and approximately 9.7 million barrels of oil and condensate.

Edward C. Werle to Join Scheffmeyer

On Nov. 1, Edward C. Werle, Herbert C. Strack and Roger A. Werle will become partners in Scheffmeyer & Co., 115 Broadway, New York City, members of the New York Stock Exchange, and the firm name will be changed to Scheffmeyer, Werle & Co. Mr. Werle, who is Chairman of the board of the New York Stock Exchange, is a partner in Johnson and Wood, in which Mr. Strack is also a partner. The latter firm will be disolved Oct. 31.

Edward C. Werle

R. W. Allison Joins W. C. Langley Co.

(Special to The Financial Chronicle)

BOSTON, Mass.—Robert W. Allison has become associated with W. C. Langley & Co., 201 Devonshire Street. Mr. Allison who has been in the investment business in New York and Boston for many years was formerly wholesale representative for Coffin & Burr, Incorporated.

Bonds and Preferred Stocks For Today's Investments

Continued from page 5

Banks or Federal National Mortgage Association.

For comparable maturities, Agency Securities usually offer more substantial yields than U. S. Government Securities. As more securities have been issued, a broadening market has developed. Agencies should prove to be a continuing attractive investment medium for those desiring high-grade securities and reasonable yields. Selection of securities should be made on the basis of individual requirements.

C. International Bank for Reconstruction and Development Securities—

World Bank U. S. dollar bonds should be mentioned in passing. While not a U. S. Government obligation nor an Agency Security, the influence and investment of the U. S. have a distant bearing on the credit quality of World Bank obligations. They can be considered as attractive investments where diversification, marketability and suitable yield are desired.

D. Public Housing Administration Securities—

Temporary and preliminary loan notes issued by the respective local Housing Authorities secured by agreements with the Public Housing Administration or the Federal Government have become a very popular investment medium. While not enjoying the marketability or liquidity of U. S. Treasury Bills and Certificates—nor the flexibility, Housing Notes are available in varying amounts with maturities up to one year. Considering the U. S. Government pledge which will service the Notes and that interest is exempt from Federal Income Tax and most State Taxes, Housing Notes offer an especially attractive short-term investment for accounts wherein tax-exemption is significant.

New Housing Authority Bonds and Series A Notes, while not carrying a direct guaranty of the U. S. Government, legal interpretation implies the backing of the U. S. Government for debt service. Housing Bonds are top quality. Yields compare favorably with comparable quality municipal bonds. There are frequent opportunities for attractive investment for accounts requiring tax-exemption. Notes and Bonds issued by local Housing Authorities with a state or local guaranty or assistance contract must be viewed in the light of the guarantor or source of funds.

E. U. S. Government Insured Merchant Marine Bonds—

Probably this group of securities should be discussed under the heading of "Corporate Bonds." However, having mentioned local Housing Authority Bonds in line with Government securities, it seems appropriate to briefly discuss them here.

There appears to be some difference of opinion as to the quality of this group of securities due to interpretation of the usual Government provision pertaining to "fraud, duress or mutual mistake of fact."

I consider the Bonds prime quality and offer investors a liberal return.

F. U. S. Territorial and Insular Possessions—

Bonds issued under this category will decline in volume as the admission of the Territories of Alaska and Hawaii to Statehood have materially reduced the flow of this distinct class of securities. Only Puerto Rico will continue to provide the market with bonds in any volume.

While Territorial and Insular Possession securities are usually categorized under the heading of "municipals" and interest on their obligations are exempt from Federal Income Taxation, I believe some distinction is necessary insofar as the old Territorial issues and Puerto Rico are concerned. They enjoy, in addition to Federal Tax exemption, State and local tax exemption.

General obligations of the Territories and Puerto Rico can be compared to State bonds. They are of good quality and usually offer a substantially more liberal yield than Mainland municipal bonds of like quality. They can be included in accounts where diversification and tax-exemption are important.

Obligations of local political subdivisions and authorities, including revenue bonds, must be analyzed on their individual merits. The major units of Government are desired over smaller and less well-known situations.

G. Municipals—

The obligations of our States, Counties, cities, districts, and authorities constitute a veritable maze of investment media. The multiplicity of purposes, maturities, interest rates, sources of debt service, method of issuance and governing bodies varies with the several States and the respective laws governing the incurrence of State and local debt. However, there is one common factor—interest on municipals is exempt from Federal Income taxation under existing statutes and court decisions. The value of tax-exemption is a basic determining consideration favoring municipal bonds as an appropriate investment medium.

It will not be necessary to dwell on the quality of the credit of municipal bonds. Next to Governments, the record is good. The wholesale defaults occurring in certain areas and debt repudiation and debt adjustment of the past generally do not involve the type of credit normally considered suitable for trust investment.

I would like to comment specifically on some of the mechanics of investing in municipals which might serve as a guide in their selection:

(1) **Tax-Exemption** — There is little or no reason for purchasing municipal bonds for accounts not requiring tax-exemption.

(2) **Maturities** — As the vast majority of municipal bonds are serial in nature, maturities can be selected with close relationship to the needs of the trust.

(3) **Diversification**—Geographical diversification is standard investment procedure. However, selection of municipal credits, because they represent different States of origin, does not necessarily remove the risk of a common economic impact. Diversification can be obtained with States by the very nature of diversity of resources, industry and economy.

(4) **Legal Opinions**—The recent trend of public bodies to print copies of final legal opinions has been very constructive. This provides dealer as well as investor acceptance and reduces the need for ever-expanding legal opinion files. However, it is important to require that legal opinions, whether in document form or printed on bonds, be rendered by bond attorneys having broad market acceptance.

(5) **King-Size Issues**—The trend towards single bids for large or so-called "King-Size" issues provides an excellent opportunity for attractive investments. Such sales should be anticipated and orders developed in advance of sales.

(6) **Premium Bonds**—The artifical market created by those desiring high-coupon short-term has dissipated. While it is recognized that in some trust accounts there are sound objections to paying a premium for bonds, they still should be carefully considered where this is not a problem. The bond table theory of reinvesting the premium amortization at the effective yield over the life of the bonds should be taken into consideration. Where the premium for high-coupon bonds results in a more attractive yield over bonds selling at or near par, there is good reason to look favorably on premium bonds.

(7) **Discount Bonds**—The periods of relatively low interest rates of the mid-1940's and early 1950's produced an abundance of low-coupon bonds. Aside from bonds initially sold at a discount from par, which entitles the original and subsequent holders to the effective yield, determination of the attractiveness of discount bonds must take into consideration potential capital gains taxes. If, after estimating such tax and deducting from the effective yield, there is still a good margin of additional yield over that available on like bonds selling at or near par, good investment opportunities can be found. Less sums of money can be invested and if current income is not important, capital appreciation if held to maturity will enhance the trust investment.

(8) **Callability** — A good percentage of municipal bonds are non-callable prior to maturity. During periods of high interest rates, borrowers frequently include call provisions in their notices-of-sale. Callable municipal bonds should be analyzed as to the reason and process of calling them in determining their attractiveness for investment. Usually a call feature is based on the desire to refund at a lower rate of interest at a later date, a source of revenue which will reduce outstanding debt, such as a sinking fund, or to provide for debt adjustment in the event of financial difficulty. Retirement may be made mandatory or permissive, by lot or by entire maturity, by inverse order of maturity at par or varying premiums. If funding or refunding is involved, the new bonds may require electoral approval or by action of the governing board. Generally, it is more desirable to purchase non-callable bonds at a somewhat lower yield than callable bonds at a higher yield, if it is reasonable to expect that bonds will be called and thereby create a reinvestment problem at some future date.

(9) **Odd Lots**—Municipal bond dealers used to consider amounts of less than $5,000 par value odd lots. With the expanded municipal debt of recent years, amounts less than $25,000 par value are considered odd lots. For the small trust account and accounts with limited funds for investment, odd lots provide an excellent opportunity for obtaining a better than average yield. The only difficulty is when sale is necessary prior to maturity, as odd lots suffer bid-wise.

(10) **Registered Bonds**—Some borrowers permit interchangeability of coupon bonds for registered bonds and vice versa. This is a convenience for the trustee and eliminates collection charges for maturing coupons. Payment of a small fee permits the holder to convert registered bonds back to coupon bonds and preserves their marketability.

Not all registered bonds are interchangeable. Once they are registered they stay in that form. They can be re-registered, but lose something in their marketability when sold.

(11) **Fiscal Paying Agencies**—Payment of maturing bonds and coupons at fiscal paying agencies in lieu of at the office of the treasurer of the borrower has become more prevalent. It is important to check on this prior to purchase, as it helps to reduce administrative costs arising from collection charges and insures prompt payment and, thereby, facilitates re-investment of funds.

(12) **Statistical Data**—Maintaining statistical files on municipal credits can become an administrative problem. While statistical services are providing broader and more up-to-date coverage, they do not satisfy all the needs of the investment officer. It is suggested that the basic statistical needs outlined in Paragraph 355, Section 3 (g) Investment Securities Regulations contained in The Digest of Opinions of the Office of the Comptroller of the Currency relating to operation and powers of National Banks should be followed.

(13) **Ratings** — As you well know, only a portion of the long list of municipal credits are rated by one or more of the three statistical agencies that rate municipal bonds. Lack of rating does not denote lack of credit quality. It may mean lack of receipt of periodic statistical data or that the amount of outstanding bonds is too small for rating purposes.

Ratings can only serve as a guide to certain relative standards of credit quality. Therefore, there is no substitute for individual credit analysis. This will provide many opportunities to buy sound unrated municipal credits at attractive yields compared to rated credits or if rated at yields, more attractive than the credit rating implies.

Some statistical agencies, in addition to the rating assigned to municipal credits, also comment on the relative attractiveness of a new offering. Such indication may be by specific, though somewhat formalized comment, or by some relative designation. An investment manager serves his accounts to better advantage by being an independent thinker on such a subject. He should first be guided by the credit quality. In addition, he should weigh the relativity of the trend of the market, the competitive nature of the sale, the scarcity of the name, the size of the new issue, local tax and fiduciary advantages and the general level of the local market of origin. Such analysis should frequently produce ample reason for accepting the market pricing of a new issue, rather than adopting someone else's academic appraisal.

On a related subject, it is appropriate to point out that comparing first and second bids on a new issue and rejecting an offering due to the spread or "slop" can be a trap. By the very nature of competitive bidding and credit analysis, two or more competitive groups can arrive at different evaluations of a given credit. It is better to justify your own analysis as to the attractiveness of an offering than to let someone else do your thinking for you. If later proven wrong, it is best to admit the error rather than make a case for yourself.

(14) **Liquidity**—It is not particularly necessary to seek municipals that enjoy liquidity. Too much yield is sacrificed, as the investor must compete with major institutional investors. If the investment manager maintains up-to-date statistical records, he can select good quality municipal bonds, whose marketability may be confined to the state of origin, which offer attractive comparative yields.

(15) **Revenue Bonds**—Expanding municipal debt has produced a greater number of revenue bonds and a variety of purposes. Great care must be exercised in the selection of municipal revenue bonds for investment. While the record is good to date, municipal revenue bonds as a class are yet to be tested by adverse economic conditions. It is better for the investment manager to limit his purchases to large, well-known situations, with a going-concern record of operations and whose purpose is for a public necessity rather than a public convenience.

(16) **Assessment** — Special Tax Bonds, etc.—Use of the word "assessment" in lieu of "taxation" is frequently a matter of semantics. However, careful reading of the power to assess is necessary in each individual case. As a class, I would recommend against the purchase of assessment securities except for the most sophisticated buyer. Administrative expense in collecting principal and interest could be a major cost factor.

Bonds payable from special taxes other than property taxes should be carefully checked. Usually such taxes are tied to the business cycle and could cause problems during economic retrenchment.

Limited tax bonds in certain areas sell at only a slight differential from general obligation bonds. They can be bought, without question. However, if the limited tax is tied into a special assessment security, the above remarks concerning special assessment bonds are applicable.

Tax notes and warrants are usually promises to pay from certain taxes collected and/or funds received. In effect, they are not general obligations. Some borrowers carry out their municipal operations during tax and revenue dry periods by the sale of tax notes and warrants. Generally, such large borrowers qualify as trust investments and their tax paper is satisfactory for short-term investment.

Certain borrowers issue bond anticipation notes as an aid to marketing their securities when they face adverse market conditions. Some investors prefer not to purchase bond anticipation notes. Actually, they should not be avoided, providing the ultimate bond financing can be consummated, regardless of market.

I will mention warrants in passing. They do not constitute an investment medium unless they are term warrants with fixed maturities or have been "registered" for lack of funds. Again, they should be avoided for conservative trust investment, except possibly for the most sophisticated buyer.

(17) **Dealer Discounts** — Some investment officers accept or actively solicit dealer discounts when purchasing municipal bonds. As most municipal bonds are offered at a yield (%) to maturity converted to a dollar price by application of bond tables, there is seldom direct reference to dollar price at the time the contract to buy and sell is confirmed. The so-called dealer discount, from the yield (%), is a legitimate trade discount to professionals as representing their compensation in the transaction. It is not intended that such discount be passed on to retail customers as a price differential, whether or not a commission on a fee is surperimposed.

Pressure to secure preferential treatment for a class of investors, not entitled to a professional dealer discount can, in turn, lead to a breakdown of price structure. By creating a special class of buyers based on economic power, uniformity in pricing is undermined and ultimately all buyers suffer. It is my recommendation that so-called dealer discounts be rejected if offered and not sought after, as a means of price differential, as to show impartiality to all classes of non-dealer investors.

(18) **Bank Underwriting of Municipal Bonds**—A somewhat taboo subject is the individual trust de-

partment policy of purchasing new municipal bond issues when their bank's bond department is a member of the underwriting group. Fortunately, there are relatively few so-called dealer banks in comparison with all banks, so it is not a major problem. However, it does raise the question of conflict of interest as well as competition for investments.

To begin with, the trust department does not buy bonds from its bond department unless the powers granted in the individual trust so provide. This, of course, does not prohibit the trust department dealing through its bond department in the execution of orders as a means of utilizing professional service. In the case of a new issue underwritten by a syndicate which includes the bank's bond department, another series of problems develop. It generally is believed that purchasing bonds through another member of the underwriting syndicate or even a non-member, prior to all bonds being sold and the account closed, constitutes a conflict of interest, as all underwriting members benefit by the reduction of unsold bonds.

Some trust departments disregard this. Others approve purchase when the syndicate manager announces the closing of the account, as all bonds have been sold. While another group will not consider purchase until the syndicate profit checks are in the mail, which, of course, means some time after delivery of bonds and considerably after the date of sale.

If the new issue is especially attractive, in the latter two cases, the trust department is denied the opportunity to secure bonds. On occasion, some trust departments advise certain dealers of their potential interest, letting the dealers take the market risk against future potential sales. This is risky and an unsound practice. The only legitimate alternative is for the trust department to buy bonds in the secondary market, which is not always possible. Obviously, if the deal is a flop, there is no problem.

As there seems to be so little uniformity, it is my recommendation that this matter be carefully re-examined. The value of an underwriting agreement, the liability of individual members, the potential profit and loss should all be measured to determine if, in effect, a trust department purchase of a new municipal bond issue through other than their bank's bond department, in effect constitutes a conflict of interest and unjust enrichment of the bank. In my opinion, it is a borderline situation and could conceivably be ruled either way. At least uniformity of treatment would resolve a number of problems and eliminate questionable practices.

II. Corporates—

My comments on municipals may seem to be unnecessarily lengthy as compared to other types of bonds. Considering that the municipal bond business is unregulated and not subject to SEC or NASD jurisdiction except as to fraud, supports the additional coverage. I am certain that my remarks are pertinent to considering this type of security for investment.

While not offering the variety of issues and types of security available in municipals, the investor has a broad field to choose from under the general heading of corporates. Generally, the rate of return on corporate bond investments reflects a higher yield than governments and municipals of like quality. There is no logic in considering corporates which yield less than comparable maturities of U.S. Government bonds.

I will not enter into an elementary discussion as to the selection of corporate securities beyond stating the most important factors. Namely—nature of the enterprise, terms and position of the issue, earnings protection, asset protection and market tests and comparison with other issues. As experienced trust officers, I am sure that you know how to apply your analytical technique in selecting individual securities. Now for a few comments on various types of corporate securities.

(1) **Utilities**—Public utility bonds of top quality have enjoyed the reputation of being one of the best forms of corporate investment. Their excellent record during difficult times, the volume of financing and the essential nature of their business has contributed to their popularity, particularly telephone, gas and electric, light and power companies.

Analysts in determining selection will scrutinize the individual companies' franchise, the nature of rate regulation, potentiality of municipal ownership, stability and growth, a company's capital structure and whether it is an operating or holding company.

(2) **Industrials**—Industrial bonds as a group are more difficult to analyze and select than public utility bonds. By their nature, industrial concerns are subject to areas of competition. Earnings are somewhat unstable, thus, increasing the risk. Most industrial bonds are debenture issues without property liens and the supply of high-grade issues rather limited. An analyst must distinguish between the problems of a manufacturing company, financing company, merchandising or mining.

Generally it is good policy to limit investments in industrial bonds to shorter maturities than what might be considered satisfactory in the public utility field.

(3) **Rails**—Railroad bonds represent one of our oldest forms of corporate debt. They have stood the test of years and have been accorded favorable consideration by most investment regulating agencies.

Reduced volume of new railroad bonds, changing nature of their business and instability of railroad revenues have chilled recent investor interest. Regulation, competition and heavy debt have exerted their influence on credit. Only bonds of the highest quality should be considered for conservative trust investment.

(4) **Railroad Equipments**—Railroad equipment trust certificates have had an outstanding record. While the general credit of the railroad should be of prime consideration, the value of the equipment, the down payment, the type of agreement and retirement schedule are also important. Due to their serial nature and in line with recent pricing, equipments can be effectively used in trusts where maturity is important and quality is satisfactory.

(5) **Miscellaneous**—There are other types of corporate securities which do not exactly fit under the heading of industrials, public utilities and rails. Many are real estate bonds. Possibly railroad terminal bonds could be included. Transportation other than railroads could also be placed in this group. They are not particularly significant from the standpoint of trust investment, so rather than go into any details as to their selection, I will merely mention them in passing.

Mechanics of Investing in Corporate Securities

As in the case of municipals, I would like to briefly comment on some of the mechanics of investing in corporate bonds.

(a) **Pricing**—It has been amusing to follow corporate underwriting and note how some investment managers let others do their thinking for them; or close their minds to the facts of the market and thereby, lose opportunities to invest in attractive securities. Too often the self-styled investment expert decides an offering is too high. In the corporate bond field, this may be as little as .01 or .02 in yield. How anyone can make such a close decision and always be right defies the imagination. It is far better to keep funds invested at a fair rate than to attempt to be a market expert. If an issue fizzles after initial offering, why not continue to buy at the lower prices? This, of course, does not rule out normal analysis as to the relative attractiveness of individual issues in line with the market, comparable credits and outstanding liens and the effect on pricing of subsequent issues.

(b) **Maturities**—Corporate bonds are usually term bonds. However, older issues provide some choice of maturities and on occasion, borrowers issue short-term notes. As noted previously, railroad equipment trust certificates provide serial maturities up to 15 years.

(c) **Diversification**—In attempts to provide diversification of investment, occasional new borrowers find their offerings becoming collectors items. While it may satisfy some urge to display a diversified list of bonds, diversification should not be at the expense of good judgment.

(d) **Discount Bonds**—As in the case of municipal bonds, there are substantial amounts of low-coupon corporate bonds outstanding. Seasoned issues with shorter maturities and good sinking fund and call protection, frequently offer better values for particular investment than do new issues.

(e) **Callability**—It is normal to expect borrowers to anticipate lower interest rates during high-interest-rate markets by appropriate call features. Higher yields are often an unsatisfactory investment solution if the bonds are subject to early call. It is far better to pass up the enticement of increased return for better investment protection.

(f) **Conversion** — Convertible bonds offer an investor some hedge against the stock market with the security of a bond. The speculative appeal costs the investor something. Usually the bond lien, if any, is somewhat junior and the borrower is better known in the stock market than the bond market. For normal trust investment, convertible bonds, if of top quality, can be used if the premium for conversion is not excessive.

Canadian and Foreign Securities

The Dominion of Canada and its Provinces and municipalities are frequent borrowers in the American market. Debenture issues are the rule with a variety of guarantees and methods of payment. Without elaborating, many issues are of good to high quality, while other issues of the British Commonwealth and external borrowing by foreign governments do not appear to offer the best opportunities for conservative trust investment.

Selection of Preferred Stocks

Preferred stocks represent the last group of Senior Securities to be discussed. As a group, preferred stocks carry some of the characteristics of bonds. However, as a group, they are not particularly satisfactory as a substitute for bonds or common stocks.

The holder of preferred stocks has exchanged his right to vote and participate equally with the common stockholder in corporate earnings for priority of dividend payments and asset distribution during liquidation.

The payment of interest on bonds is usually mandatory, while preferred dividends usually can be passed. If bonds are outstanding, the preferred stockholder may not be in too good a position in case of liquidation or reorganization.

However, preferred stocks move with the trend in interest rates and are frequently employed as an investment medium because of the pressure for current income.

One of the contributing factors to price stability of preferred stocks has been the tax advantage to corporate and institutional buyers because of the 85% "dividend received credit."

In selecting preferred stocks for conservative trust investment, only the highest quality should be considered and only when there is no suitable bond investment. On occasion, convertible preferreds may be of some appeal. However, as in the case of bonds, the price for convertibility should not be excessive. Generally, as a class, I do not favor preferred stocks for trust investment, as they lack the security of bonds and the stability of income and are prevented from enjoying the fruits of corporate profits available to common stockholders.

Some Investment Problems of the Trustee

Many trust accounts contain sound bonds with long maturities which show substantial market depreciation. There is always the question of whether bonds should be sold, the loss taken and the proceeds reinvested in other securities. Actually, there is no standard rule, as each account should be examined as to its own particular needs. It might be determined that sale and reinvestment will be to the advantage of the respective trust account, as the loss can be taken and the increased income will be of material benefit.

The reinvestment of funds received from call or matured bonds may pose an investment problem. Yields may be quite different than at the time of original purchase. Here again there can be no hard and fast rule. The problems of the individual account must be taken into consideration as well as the trend of the market. It might be desirable to switch to another form of investment, class of security or different maturity. However, one should not invest short-term funds in the long end of the list.

There is very little that can be done to hedge against changing interest rates on bond accounts. The truism, "In periods of high interest rates, lengthen maturities; and in periods of low interest rates, shorten maturities," is easily said but difficult to carry out without some idea of market trends.

Possibly one of the more satisfactory ways to deal with the problem of fluctuating interest rates is to dollar average by establishing a run-off maturity schedule. In other words, as funds become available, reinvest the money over the maturity schedule —say for 10 years. In time this will provide an average reinvestment return for the maturities held reflecting varying market levels. Of course, this is difficult to do in the corporate bond market, except for railroad equipments; but it is relatively easy to space maturities in governments and municipals.

It is standard practice to establish a percentage of trust funds that should be invested in equities and fixed income securities. As you well know, such percentages are guides and serve to justify and/or carry out investment programs. Where it is within the power of the trustee, the percentages should vary based on the outlook for the market as well as individual needs. Currently, many accounts can successfully invest in fixed-income securities up to 60 and 70%.

There is no substitute for quality in the purchase of investment securities for trust accounts. This does not preclude your own analysis and determination of quality and by such, exercise of the power of decision, you perform a better service.

By charting the spread between the different types of Senior Securities, as well as groups within the several types, and by historical comparison, a more intelligent approach can be made as to the related attractiveness of different securities.

Conclusion

It has been a most interesting experience to discuss my subject of "Bonds and Preferred Stocks for Investment in Today's Market" I hope that I have not disappointed the trust officers by stressing some of the mechanics of investing as an aid in carrying out the trust officers investment responsibilities, rather than academically discoursing on the analytical approach to security selection.

***An address by Mr. Browne before the 33rd Western Regional Trust Conference of the American Bankers Association, San Francisco, Calif., Oct. 16, 1959.**

NYSE Pilot Study on Stock Certificate Processing

E. C. Gray, Executive Vice-President of the New York Stock Exchange, has announced that Bankers Trust Co., The Chase Manhattan Bank and First National City Bank will participate in an expanded pilot study to reduce the heavy volume of stock certificates processed daily in the financial district.

Mr. Gray said the expanded test will also include 31 member firms and 60 stocks. The initial experiment was started in December, 1957, with 30 firms participating and 20 listed common stocks transferred by the Bankers Trust Co.

"Through bookkeeping operations," Mr. Gray declared, "the 'delivery' of approximately 8 million shares of pilot stocks was accomplished during the past 22 months between participating member firms, without any physical exchange of stock certificates."

The continuing study is being conducted by a division of the Stock Clearing Corporation, Central Stock Bookkeeping Service (C. S. B. S.). Stock Clearing Corporation is a subsidiary of the Stock Exchange.

The expanded pilot operation, Mr. Gray declared, is designed to pinpoint the requirements necessary for a full-scale central securities handling system that would prove beneficial to the financial community. These benefits would include:

Reduction of physical processing of stock certificates by member firms: in daily deliveries through Stock Clearing Corporation; in obtaining transfers to customers' and other names; and in pledging of collateral against bank loans.

Decrease in the work involved in recording, inspecting, storing and servicing stock certificates since stocks would be held by various banks acting as custodians.

Reduction in the number of dividend claims since shares registered in "street names" would virtually disappear.

One of the features of the expanded pilot operation includes the testing of a new technique—the "cross pledge" of collateral in brokers' loans. This will permit a member firm to pledge shares as collateral for a loan from one participating bank while shares are being held by other participating banks.

During the testing period, banks and participating firms are absorbing their own expenses and the Exchange is assuming the cost of operating C. S. B. S.

PUBLIC UTILITY SECURITIES

BY OWEN ELY

Washington Natural Gas Company

Washington Natural Gas, with operating revenues of about $16 million, serves five counties in the Puget Sound area in the western part of the State of Washington. The service area includes the largest metropolitan sections in the state, around the cities of Seattle and Tacoma. The territory extends about 125 miles north and south, from Marysville to Chehalis. The major part of the system is integrated, except for two cities which do not have any distribution tie-in. The company serves a population of over a million and a quarter of which about 70% is in 28 communities and 30% in suburban areas; the total comprises about 40% of the state population.

The service area is growing rather rapidly and census projections indicate a growth of 21% by 1970. The multiple housing load is building up at a fast rate. The Housing Authority of Seattle is converting 510 units in Rainier Vista to gas heat. Since the advent of natural gas at the close of 1956, gas has been installed in about 3,000 units in various governmental public housing projects, and there are also about 2,000 additional units to be converted to gas.

Because of the fortunate location of its six city gate stations, the company is able to serve the fast growing suburban areas with only a small investment in facilities, enabling it to take care of large housing tracts with thousands of new homes instead of having to wait for homes to be built in the older sections one by one.

The company is the result of the merger of Seattle Gas and Washington Gas & Electric in November, 1955. Following a history of 81 years' manufactured gas operations, the company three years ago began receiving natural gas from the Pacific Northwest Pipeline, which had been built from the San Juan Basin to the Canadian border north of Seattle, where it connected with the new Canadian line, Westcoast Transmission. Thus the company obtained a supply from two different sources, U. S. and Canadian, with reserves ample to supply the line from either end for at least 20 years; the gas manufacturing plant was placed on a standby basis for peak shaving.

These new developments permitted a rapid expansion; with an ample supply of gas for industrial sales, revenues have almost doubled in five years. The increase in 1957 was 35% and in 1958 26%. Overall efficiency in operation has improved considerably since 1956 —the company now serves 40% more customers with a reduction in the number of employees of 11%.

It was the sale of interruptible gas (now about one-quarter of all sales) which made it possible for the company to expand its business so rapidly, without waiting for the more slowly developing residential and commercial business. Today the company has 120 interruptible customers, contributing nearly $7 million annual revenues, and 13 of the largest are on five-year non-cancellable contracts. However, the company is now increasing its firm sales of industrial gas; the last step of the industrial rate schedule was recently reduced, making gas more attractive for industry. In future it is anticipated that interruptible sales, which generally compete with heavy oil, will continue at a high level but that its percentage of total sales will decline, as new home construction and conversion of existing homes (plus many new firm industrial and commercial users) come on the lines. This new business should of course be more profitable than the interruptible sales.

In pushing residential and commercial sales the company has been handicapped somewhat by competition with extremely low electric rates, permitted by the cheapness of power from huge Federal and PUD hydro developments. With high cost manufactured gas in the past, there were thus a great many streets in Seattle and Tacoma and other cities served where there were no gas mains whatever, and other streets where there were gas mains but few customers. However, this is now a substantial advantage in that facilities are available to add customers in these areas without substantial increase in overhead costs.

After only two and a half years of natural gas, the company has increased customer saturation from one out of 8¼ to one out of 6¾. Thus the company has excellent growth prospects since saturation is still only about 15% compared with as high as 95% in California and some other areas. It is also gradually gaining commercial business—cooking, heating and water-heating.

In 1954 the company had 7,900 residential space heating customers, but has been increasing each year thereafter and as of June 30 this year was 30,100. Between now and the end of the year this should show a considerable gain since the greatest number of heating customers gained in any one year is in the last six months. The company is particularly proud of its sales record of installing gas heat in nearly all the homes in 144 new residential tracts in the Puget Sound area, representing 288 residential community builders. Where gas is available, the company is also getting 60% to 75% of all heating **replacement** business.

The company is now expanding its facilities at the rate of about $7 million a year (gross plant at the end of 1958 was $38 million). New mains are being currently installed to serve a future potential of over 6,000 customers. The $23 million cash spent for construction in the past four and a half years was financed about one-quarter from internal funds and three-quarters from outside financing. The company is now completing the private sale of $6,000,000 5½% mortgage bonds, and $3,500,000 5¾% sinking fund debentures bearing stock warrants; proceeds will be used to pay off bank loans. At the end of 1958 the equity ratio approximated 38% but current senior financing may reduce this ratio moderately.

The company made an overall rate reduction of about 27% when natural gas was introduced, and regulatory conditions appear satisfactory. Recent operations have been very favorable; adjusting for the merger, share earnings ranged between 40c and 55c during the years 1951-57 inclusive but in 1958 increased to 66c. In the first quarter of this year, with revenues up about 23%, share earnings were 72c vs. 39c in the previous year. In the second quarter the gain in revenue was slightly less and share earnings were 27c vs. 2c. For the 12 months ended June 30 share earnings were $1.24 compared with 55c. Since the year 1958 averaged 16% warmer than 1957, the 1959 increase may have been due in part to more normal weather.

The stock has been selling recently over-counter at around 21 or about 17 times latest earnings, and has evidently attracted some interest as a growth stock. To conserve cash for construction, no cash dividends were paid in 1957-8, but 4% in stock was distributed in 1957 and again in 1958, with 5% in April, 1959.

Celebrates 25 Years With Selected Inv.

CHICAGO, Ill.—Directors of Selected American Shares, 135 South La Salle Street, on October 15 celebrated with Mrs. Eva B. Kind, Secretary of the Fund, her 25 years of service. Alvin H. Baum, a senior partner of Security Supervisors, the Fund's Investment Manager, presented Mrs. Kind with a check of appreciation from the firm.

During her years of service Mrs. Kind has been associated with various phases of the company's operations. One of her chief duties is to keep track of Federal and State regulations over investment companies. Much of her time goes into the writing and printing of the Fund's literature, advertising, and reports to shareholders.

Also celebrating their association of over 25 years were David Copland and Anan Raymond, directors; Edward P. Rubin, President and director; Richard S. Cutler, Vice-President, and Mr. Baum. Robert S. Adler, director since the Fund's founding in 1933, is in Europe and was unable to be present.

James Talcott, Inc. Promotes Three

James Talcott, Chairman, and Herbert R. Silverman, President of James Talcott, Inc., New York City, one of the country's oldest and largest independent commercial financing and factoring organizations, has announced the election of Thomas J. McGann and Sigurd B. Salvesen as Vice-Presidents of the firm, and the election of John Duncan as Assistant Vice-President.

Talcott, founded in 1854, is engaged in all phases of industrial finance—accounts receivable and inventory financing, mortgage, equipment and special loans, factoring, industrial time sales financing and rediscounting.

Bache Opens Branch In Ft. Lauderdale

FT. LAUDERDALE, Fla. — The seventh office in the Florida network of branches of the leading investment firm of Bache & Co. has been opened at 1311 E. Las Olas Boulevard. The new office is under the supervision of Harry C. Vonderhaar, Resident Manager. Mr. Vonderhaar, a veteran of many years in the securities business, is a former Chairman of the Cincinnati Stock Exchange.

In addition, Bache & Co. will be repesented in the new branch during the forthcoming winter months by a partner, John B. Huhn, who will also make his residence in Fort Lauderdale.

Form Sakier and Co.

Sakier and Co., Inc. is engaging in a securities business from offices at 50 Broad Street, New York City.

A. Signorielli Opens

PELHAM, N. Y.—Anthony Signorielli has opened offices at 7 Edgemere Street to engage in a securities business.

Edward L. Elliott

Edward L. Elliott, partner in Elliott & Co., New York City, passed away Oct. 13 at the age of 59.

Factors Affecting Business And the Economy's Course

Continued from page 15

and chemicals? It takes skillful market research to help give an adequate answer.

This is not just a question of numbers. I have high hopes, too, that as time moves on people will become more discriminating, that tastes will be formed increasingly on judgments shaped by education and a growing appreciation of cultural and other fundamental values. I believe there is evidence that the United States is moving in this direction today — in the new interest in the home and the larger share of expenditures going for home maintenance, in growing outlays for books (in spite of TV), and for education itself. It is hard to believe, but it's a fact that more tickets are sold in the United States today for symphony concerts than for baseball games. No society before has ever explored the full potential in these areas of an age of plenty. History is likely to judge the United States on what it makes of these opportunities which we have.

New Top Management Skills

In appraising research opportunities, whether they be in the field of new products, new methods or new markets, a high degree of managerial skill and judgment is required. Good judgment is not just intuitive or innate in a man. It must be fed by careful cost analyses and staff work. Quite properly there is a growing emphasis today on organization and on those qualities that make for leadership of a team. The chief executive officer has become less and less the independent individualist or the hale and hearty risk-taker and more and more the man of sound decision, capable of setting the objectives of his company and welding together the many diverse elements necessary to achieve them. But, now more than ever before, good top management has become the most vital single factor in the success of any company. Moreover, the growing complexity of the problems with which management must deal has made necessary a more rational, a more scientific approach to these problems—both in training and in the preparation for management responsibility and in its actual execution. This is a development which organizations like the AMA and many of our business schools, with their Advanced Training Programs, have had the wisdom to foresee, and they are proving to be of invaluable assistance to industry.

There is no doubt in my mind that the 'Sixties will witness a further push in the trend toward professionalization of management. Moreover, it seems to me that responsibility is likely to be increased throughout the whole hierarchy of management, and not merely at the very top. If the complex problems of tomorrow are to be handled adequately, there must be greater delegation of decision-making throughout the entire management staff. Senior management will be concerned to an increasing degree with long-range planning backed by exhaustive analysis, leaving to others further down the line the day to day implementation of policy. This will give to junior managerial personnel an increased opportunity to exercise independent judgment and to accept more responsibility. It will also require individuals who occupy senior management positions — whether they be in finance, production or some other area—to gain the broadest possible understanding of affairs of the company as a whole.

Fortunately the senior financial men of corporations today are obliged to take a broad, overall view of company affairs if they are to discharge their duties satisfactorily. And through their relationship to company budgets they often bring to bear a significant influence on overall company policies. It was not for nothing that ancient Parliaments sought first to gain power over the purse. In the business empires of today, a similar power, wisely employed, is essential to the success of any enterprise.

And now there is another factor which will certainly affect the course of business and the economy in the years ahead, to which I should like to turn. I refer to the role of government, and its relationship to business. As long as a century ago, Abraham Lincoln said that the legitimate objective of government is "to do for a community of people whatever they need to have done, but cannot do at all, or cannot do so well for themselves in their separate and individual capacities." He went on to say: "in all that the people can individually do as well for themselves, government ought not to interfere." I think we would agree with both of these statements, and they should serve as a criterion for determining the areas in which government should participate.

The range of activities taken on by government since Lincoln's day has, of course, expanded enormously. Perhaps there have been instances where this has been unnecessary, but to a large extent the expansion has been inevitable, as society has grown increasingly complex and as people have tended to concentrate in large urban groups. I wish I could say that the role of government would take a new turn and diminish. But in all honesty I cannot. On the contrary, it seems to me that the problems of government — especially in the regional, state and local areas—will increase further in the 'Sixties, and I believe it will be very much to the interest of business itself to lend government a helping hand in solving them.

Cites Rockefeller Studies

Let me quote from the Economic Report issued by a distinguished panel of citizens, including many business leaders under the Special Studies Project sponsored by my brothers and myself, over a year ago. That group pointed out that public expenditures in support of economic growth are a traditional and an essential part of our economy. They went on to say, and here I quote, "We shall need, in the next decade, a greatly expanded school system to broaden and improve education. We shall need urban redevelopment on a vast scale to lift the living standards and the social and cultural content of metropolitan life. We shall need more and better highways and improved modes of transportation to spur commerce, communication, and travel. We shall need better water supply and pollution control systems tomeet domestic, industrial, and agricultural requirements. We shall need more health and hospital facilities, more basic and applied research, more recreation areas."

Meeting These Needs Without More Taxes

Well, that is quite a list; and I submit that every item mentioned, if carried out, could rebound to the benefit of business. I might go on and indicate that it was the judgment of the panel that these needs could be met without any overall rise in the proportion of total income for taxes, pro-

viding three conditions were fulfilled: first, that our economy achieved the economic growth of which it is capable; second, that we put an end to expanding the numerous subsidies to special interest groups at the Federal level; and finally, that as tax revenues increase with growing incomes, a larger share be diverted from Federal to state and local needs. The control of subsidies—and I include farm programs among these—is an absolute necessity. So too is tax reform, which would modernize our Federal tax system and permit a shift from the Federal Government to state and local units.

I shall not go into any great detail on the difficult tasks confronting government. However, I should like to mention two areas especially cited by the panel: namely, the problems of transportation and urban redevelopment. I hardly need point out the tremendous waste that is now entailed in urban transportation — in the lost time and increased costs suffered by business, workers and consumers. Unless this problem is tackled with all the imagination and vigor we can give to it, it is bound to deepen in the 'Sixties, slowly strangling the arteries of trade. One of the first things that needs to be done is to bring together comprehensive data on the relative productivity of various types of transportation —motor, rail, air and waterway—so that we actually know the different costs and advantages involved in each. Then we need to project the requirements of the future, decide what ought to be done, and roll up our sleeves and get at it. The job will be long and arduous, and today is hardly soon enough to get started on it.

Related to this problem of transportation, too, is the matter of urban redevelopment. Our cities, as you know, have grown explosively in recent years. Two-thirds of our people now live in metropolitan areas, and their number will show a further substantial increase by 1970. But, within these urban areas, the sections which grow more rapidly are those on the outer fringes. More than a million Americans move from the older sections of our cities to the suburbs every year. In this process—which, in a sense, reflects the vitality and mobility of our country — large sections of our cities are threatened with abandonment, blight and decay. These are the slums of the Twentieth Century, entailing social and economic costs that can't help but bear heavily on business, as well as on each of us as citizens.

Here is a problem of incredible magnitude which requires outstanding leadership in every community. I personally have been heavily engaged on its here in New York City, and I can state that the problem can never be overcome without wholehearted cooperation between the business community and government. Leadership at the community level and organizing ability of the type nurtured by business need to be harnessed with the powers and prerogatives of government if a serious assault is to be made on urban blight. Fortunately, there are growing signs that business and the community more broadly are waking up to the seriousness of the situation. In city after city, groups are being formed to mobilize available resources — state, local, private and even Federal—for an all-out battle. I predict this will be one of the great adventures of the 1960's.

International Scene

And now let me turn to one final area that also will exercise a growing influence on business —the international scene. Here the trends and pressures might be summarized under two general headings: on the one side, the impetus being given American business to spread out abroad; and on the other, the growing pressure on many lines from foreign competition here in our own country. One could make an entire speech on these trends—dwelling on the European Common Market and its impact on American business; on the adoption of large-scale enterprise and up-to-date techniques by our competitors abroad; and on the challenge of the underdeveloped lands, which may turn out to be the toughest task facing the Western World. Here, let me only make these points.

First, I believe American business must accept, as a basic premise, the fact that the Free World will continue its trend toward increasing interdependence. The Communist threat has something to do with this. But even more basic is the revolution in techniques, including the far-reaching advance in transport and communications. Small nations will find it increasingly difficult to exist on wholly autonomous entities, either politically or economically. The recognition of this fact by the nations of Western Europe has been the major factor in impelling them to enter the Common Market. Over the next decade, we may well see other regional groups develop — in Latin-America, and perhaps in the Middle East and Southeast Asia.

America business has a great deal to offer other areas, and I believe our relationship with them can turn out to be mutually beneficial. The area which at the moment holds major interest for us is, of course, the European Common Market. The Chase Manhattan Bank recently compiled a list of U. S. companies which, in one way or another, have started new facilties within the Common Market since its inception little more than a year ago. I was startled to find that there are 143 companies on that list, and that they have made 169 different investments in the Common Market in the past 18 months. Yet I expect the list to grow, and that we will find Europe reaping many benefits from United States research and development through such investments.

When one turns to the underdeveloped countries, the opportunities and the potential are more difficult to assess. Nevertheless, one needs to say this: that it probably would prove impossible for the United States and other nations of the West to continue to grow and prosper, while another great segment of the free world failed to progress and rise above the subsistence level. The alternative would certainly be the eventual alienation of the underdeveloped nations from the West. This is a prospect which, as a nation, we cannot permit to have develop. Here again, I feel there is room for cooperation between government and private enterprise. There are some types of aid and investment which our government alone could justify, but I believe there will be an increasing role in the underdeveloped countries for private investment. This is certainly to be preferred wherever possible as it places less of a burden on the American taxpayer, and generally has less political overtones which are objectionable to the recipient country.

Already, we have government reviewing policies that might act to encourage the flow of private investment to underdeveloped lands. Many may be familiar with the Strauss Report, or the Report of the Boeschenstein Committee, which have been given wide publicity, both of which deal at length with the subject. Then there is the Boggs Bill presently in Congress, with its objective of deferring taxation on income from foreign investment. Active consideration is also being given by Congress to a wider use of government guarantees for private investment abroad, and the possibility of much closer coordination between public programs and the private sector. Our own Chase International Investment Corporation, for example, has recently been active in establishing an Industrial Development Bank in Iran, using both private funds and funds from the World Bank and the Development Loan Fund.

Moreover, let me add that I do not believe that recent setbacks to private investment in the Caribbean should be regarded as typical of trends throughout the underdeveloped world. In many other areas, I detect a more promising atmosphere for private investment. Free enterprise and private foreign investment have gained stature in India; the position has improved in countries like Argentina and Chile. By and large, it seem to me that in the foreign investment field, there is some drawing back from the tendency to look to government as the prime organizer of economic like. I am optimistic enough to believe this trend will continue, and I am convinced it is a highly desirable trend.

Of one thing I am certain: The 'Sixties will provide a larger scope for enterprise and management, both domestically and abroad, than any previous period in history. With the whole Western World now entering an era of high volume consumption and with great areas of the East poised for the take-off into industrialization, the potential for change in production and marketing of products certainly is greater than any we have ever seen before. Man is no passive bystander to this process. He in the end must generate it. And at the summit of this endeavor must of necessity stand the leaders of business, marshalling and directing those energies that make for progress and peace. Herein I see our destiny.

*An address by Mr. Rockefeller before the Special Conference for Financial Executives of the American Management Association, New York City, Oct. 14, 1959.

Knox Glass Inc. Stock Offered

Public offering of 200,000 shares of capital stock of Knox Glass, Inc. is being made today (Oct. 23) by a group of underwriters headed by Smith, Barney & Co. The stock is priced at $30 per share.

Net proceeds from issuance of the additional shares, together with the proceeds of bank term loans of $2,000,000 due semi-annually to Oct. 1964 and of a $6,000,000 long-term loan due 1965-1979 from an institutional investor, will be used in part to repay all of the company's $7,900,000 outstanding indebtedness. Of the proceeds, $3,200,000 will be used to provide machinery, equipment and working capital for a new plant Knox plans to establish in Georgia under a lease arrangement, and the balance for general corporate purposes.

Upon completion of the financing outstanding capitalization will comprise the $2,000,000 term loan notes, the $6,000,000 loan due 1965-79, and 721,163 shares of capital stock.

Incorporated in Pennsylvania in 1917, Knox Glass manufactures a widely diversified line of glass containers for food, beverages, chemicals, medicinal items, toiletries and cosmetics. It presently operates nine manufacturing plants located in Pennsylvania, Mississippi, Texas, Indiana, Connecticut and Maryland.

On Oct. 19, 1959 the board of directors declared a quarterly cash dividend of 25c a share and a semi-annual stock dividend of 1½%, both payable Dec. 10, 1959 to stockholders of record Nov. 16, 1959.

Louis Sidorsky

Louis Sidorsky, partner in Asiel & Co., New York City, passed away Oct. 11th.

The Capital Investment And Credit Outlook

Continued from page one

more and also borrowing more, anticipating future income. The inflationary pressure must be resisted by limitations on available credit. We cannot all spend our current incomes and more too because there is not that much production. If we try we just get a rash of price increases to cut our real incomes down to what we can afford. At some point it becomes plain that the pendulum of optimism has swung too far. Failures to sell as much or earn as much as expected lead toward general retrenchment.

We have, I know, many advocates these days of creeping inflation. Fortunately for the stability of the dollar, there are points where price advances lead the buyer to put up resistance, to feel priced out of the market, to refuse to buy in expectation of still higher prices. When this happens — and buyers generally begin to live off inventories—you have a market climax.

It might seem nice if no one objected to higher prices and we could all spend beyond our incomes and in so doing enlarge each other's income. But continuous inflation is a fool's paradise where people hurry their spending to beat the game, hoard goods someone else needs, and overcommit themselves. The correct prescription is to let money become hard to borrow. This involves least interference with individual freedoms, strengthens inducements to save, and offers the best method we have to stretch prosperity out in time.

The natural dimensions of our new boom should be two or three years. The initial postwar boom ran near three years until the recession of 1949. The Korean War boom ran over three years until the recession of 1954. The capital investment boom of 1955-57 ran three years up to the recession of 1958. Studies of the National Bureau of Economic Research show that expansion phases of business cycles before World War II averaged about two years. Timely actions to restrain inflationary pressures can prolong expansion phases.

The steel strike apart, incoming business orders have picked up strongly over the past year. Inventories, while growing, are still depressed when figured as a ratio to sales volume. In other words, there is room for some further stimulation of activity for normal inventory building.

Moods in Capital Spending

Then we come to the question of capital spending by business.

In the old days we had primary postwar depressions, when inflation was violently shaken out of the economic system. After 10 years or so we would have secondary postwar depressions after a capital investment boom had filled up war-born shortages. It seemed to some experienced observers that the investment boom of 1955-57 might have exhausted near-term needs for heavy capital re-equipment. In other words, we might have been ready for something more serious in the way of recession or depression.

The feeling that we might be in for a depression, deep and long, was reflected in the bond market in June 1958. Such was the expectation of large, growing surpluses of investment funds that the Treasury placed more than $7 billion 6½-year bonds at 2⅝%. These bonds recently have traded below 90, raising the yield to the investor beyond 4¾%.

As a counterweight, there was and is optimism over the growth of markets from the coming of age of the war babies: the "population explosion" of the "Sizzling Sixties." There will be needs for more capital investment if increased manpower is to be efficiently used to build the national product to new peaks. How much how soon will hinge on profits and capital funds availabilities.

Any businessman knows of capital projects that he might undertake if he had the money. When business is "good" and profitable these projects are more numerous and he is in a mood to go ahead. Capital spending by corporate enterprise tends to decline about six months after a downturn in "internally-generated" funds: that is to say, in profits ploughed back plus depreciation allowances. There was a pretty good tip-off that business might be moving into a recession when corporate profits failed in 1957 to improve upon the late 1956 performance.

Undistributed corporate profits plus depreciation allowances slid off from a $30 billion annual rate in the winter of 1956-57 to $24 billion in the second quarter of 1958. Plant and equipment spending by all business (including unincorporated) dropped from $37 billion to $30 billion. The pickup in profits beginning in the Spring of 1958 was followed by a pickup in business plant and equipment spending in late Fall. Rising profits in first half 1959 are supporting continuing growth in plant and equipment spending. Resurgence of activity after settlement of the steel strike is expected to swell profits and give further impetus to capital spending.

Corporate profits this year, estimated at around $50 billion before tax, are being counted on for major help toward rebalancing the Federal budget. Income taxes take half of that and dividends half of what is left. So we get a ploughback of perhaps $12 or $13 billion plus depreciation allowances of perhaps $21 billion. Here is substantial money for plant renewal and improvement.

It becomes tempting to carry arithmetic further and try to see how much outside financing business will have to do. I will avoid this temptation for many reasons: all these figures are inexact; business needs more working capital too; abilities to finance at short-term are unpredictably variable; and of course some of the money gets raised for overseas projects.

But this much is plain; the upturn in plant and equipment spending ran slower than the rate of improvement in internally-generated funds during the first 12 months of recovery. With inventory reduction going on at the same time this strengthened corporate liquidity, put corporations in funds to buy Treasury bills, and helped create a mood for heavier plant and equipment spending. Now the weight is shifting to the other foot. Enlarged capital spending and working capital needs are weakening corporate buying power for Treasury paper, and bringing increased needs for borrowing—from banks as long as their money lasts — and from the capital market.

Money Rates

As you know, the Federal Reserve authorities have acted to hold down the nation's monetary base. In order to take care of essential loan demands the banks have had to sell U. S. Government securities—at losses and in com-

Continued on page 34

The Capital Investment And Credit Outlook

Continued from page 33

petition with the Treasury—and have increased their reliance on borrowings from the Reserve Banks. In the circumstances loan rates have advanced and also the discount rates at which the banks borrow from the Federal Reserve Banks. As lenders generally see the picture there are just too many wants for borrowed money.

Changes in the money and capital markets have been dramatic. It is hard to find parallels in our economic history for the degrees of advance that have occurred over the past 15 months in money rates and bond yields. I have already referred to the 10-point drop in the 6½-year bonds put out by the Treasury in June 1958 which has raised their yield to the investors from the initial 2⅝ to beyond 4¾%. The cost to the Treasury of borrowing one-year money has risen from 1¼% at the depths of the 1958 business recession to almost 5%. Treasury bills of 91-days maturity, around ¾% in June 1958, have broken above 4%. Money rates and bond yields generally are at new highs since the early 1930s though they are well short of the boom years of the 1920s.

If we make a comparison with the peaks of the 1957 boom we find that current short-term money rates are about ½% higher and there are many expectations that the end is not yet. One should note that long-term bond yields have also risen about ½% over the 1957 peaks. This is a little surprising for long-term yields characteristically fluctuate less. Moreover, the U. S. Treasury is shut off from offering long-term securities by the unwillingness of the Congress to remove the old 4¼% bond rate limit, and corporate bond offerings, while picking up, have not increased sizably. The main influences pushing up long-term rates are continuing strong demands for mortgage credit and inflationary fears that make the bond buyer and savings depositor want higher rates.

Crisis Due to Federal Spending

Some people speak of the situation in terms of "crisis." This seems too harsh a word. But if there is a crisis it is a crisis precipitated by too much government spending and the absence of surplus in the Federal Government's accounts.

The Federal Government, as you know, ran up a $12½ billion deficit in the fiscal year which ended June 30. In the same 12 months' period there was a record $17 billion increase in total mortgage indebtedness, the greater part to finance home building. State and local governments increased their indebtedness around $5 billion. The needs of business for additional credit were moderate, for reasons I have given, though they are now building up. Consumers cut back their installment purchases during the recession but these, like corporate needs for funds, are speeding up.

It is difficult to find—in peacetime history at any rate — any parallel for the rate of increase in aggregate indebtedness during the year ended in June. It is not surprising that the money and capital markets reacted with some violence.

The $12½ billion Federal deficit last fiscal year was a result partly of natural decline in revenues, and partly the result of conscious efforts to increase spending to help create jobs and get us out of the recession. The greater part of this deficit was financed at short-term, adding to the already swollen volume of short-dated maturities which the Treasury must refinance. It is a startling fact that, with the bill financings of July and August, the volume of Treasury bills outstanding has risen no less than $16 billion since June 30, 1958 to a record total of $37.1 billion.

Meanwhile, it has been a battle for the President trying to get the budget back into balance during the current 1960 fiscal year which began July 1.

We will soon have the President's autumn budget review, which will give a revised picture of how the Federal budget for fiscal 1960 stacks up after the adjournment of Congress. In January, he had estimated expenditures of $77 billion and receipts of about the same. Present guessing is that both these figures will be larger but with expenditures perhaps moving out ahead to leave a continued deficit position. Even flush prosperity revenues seem incapable of matching aspirations to spend public funds.

Weakness of Compensatory Spending

People are waking up to the fact that we have an inflationary bias in Federal fiscal policy. In this period of broad prosperity, we should be retiring government securities instead of trying to sell more at a time when most people and investors have other preferred uses for funds.

On paper, compensatory fiscal policy makes a great deal of sense. It seems reasonable to increase government outlays in periods of business recession to avoid wastage of available manpower and carry out useful public projects. Likewise it is desirable to cut government outlays back in periods of business boom so that manpower can be shifted to industries serving the consumer and the business community.

Compensatory fiscal policy also makes sense in terms of the financial markets. Government bond offerings to finance deficits can make use of the redundant savings supply when individuals and business firms cut back their expenditures and borrowings; conversely, retirement of government debt in boom periods can help finance enlarged consumer and business outlays.

It is always easy to authorize increased government expenditures. The trouble comes when it is time to reduce government expenditures again. Senator Paul Douglas, in his book *Economy in the National Government*, pointed out that big government expenditure programs have been used to counter periods of reduced economic activity as far back as the construction of the noble buildings of the Acropolis by Pericles, but added that it is unwarranted to assume: "that governmental expenditures are like electric lights which can be turned off or on at will. In real life this is not so. There tends instead to be a systematic bias in favor of expanding expenditures and against contracting them."

A preferable approach would be to use tax reductions and reforms as a stimulant in times of business recession. One incidental benefit would be to stimulate the essential savings flow.

There almost seems to be a natural law that government expenditures shall equal or exceed revenues. You remember the classsic phrase, "God help the surplus." The hardest thing is to develop revenues for debt retirement. About the only time that expenditures get cut back is when the public is in a mood to demand tax reductions. At least that was the experience in 1948 and again in 1953-54. We got big spending cuts and tax reductions with an extra dividend of stimulation to private enterprise.

It is really quite incredible that cash outlays of the Federal Government since 1954 have risen all the way from $71 billion to $94 billion. If the citizens had insisted on tax rate reforms I doubt that any such rise would ever have occurred.

On the brighter side there is the fact that there is widespread public support for the principle of a balanced budget. And of course, there was an old-fashioned way of getting surplus revenues for debt retirement: estimating revenues too low and getting Congress to cut the cloth of appropriations to fit. But now, I am afraid, we have too many sophisticated statisticians around, not to mention the skilled Congressional staff which reviews the Treasury's calculations.

Debt Ceiling

One hears more talk of the need for sinking funds—that is to say, requiring by law that some revenues be set aside for debt retirement. We would need to have some new concept. We have long had legal requirements for sinking funds but they have been ignored because revenues have unually been inadequate to cover outlays. Extra borrowing to fulfill statutory requirements to redeem some amount of debt accomplishes nothing. Maybe what we need is a flat ceiling on expenditures with any excess revenues applied to debt retirement and tax reforms.

I dwell particularly on these fiscal questions because the fiscal situation is the weak link, not only exciting inflationary sentiment and raising rates demanded by bond buyers and savings depositors, but also providing no substantial debt retirement to relieve the visible strains that have developed in the money and capital markets.

Tight money threatens to constrain and constrict the economy as we cross the threshhold into the Sixties. What adds to difficulties is resistance in the Congress to giving the Treasury power to pay going rates in the market on bond financing and prevent further deterioration of the public debt structure. It is not that the Treasury has either intentions or opportunity to raise great sums in the long-term market. The matter is one of principle. Here was a proposal presented as a contribution to sound fiscal policy and a sound dollar. It is defeated without so much as the formality of a vote.

To be fair with our national legislature, we should not forget that, by the same kind of legislative indecision, the Congress refused to instruct the Federal Reserve to create more money to make government financing easier.

What the sharp stiffening of short-term rates means is not only that money will be tight for borrowers generally but also that people are worried, wondering how a difficult situation will be resolved. Even the stock market has seemed worried, wondering which way to go.

We can get straightened out if we recognize that a government must pay higher rates if it wants to carry $285 billion of indebtedness, keep high income tax rates, and take risks with inflationary fiscal policies. But the better way to brighten the outlook for all borrowers is to go to work building surplus for debt and tax reductions. We will muddle through and this, we will come to recognize, is the way out. There is nothing wrong with the dollar that a good housecleaning of excess government expenditure will not cure.

Form Planned Equities, Inc.

Planned Equities, Inc. is conducting a securities business from offices at 95 Liberty Street, New York City.

STATE OF TRADE AND INDUSTRY

Continued from page 4

tenance required on finishing equipment will be greater than ever before sustained in a steel strike.

Under the Taft-Hartley injunction, it will be the first time that steelworkers have unwillingly gone back to work under government pressure. (When President Truman seized the industry in 1952, the move was generally favored by the steelworkers.)

In a special study of the steel strike's effects on the auto industry, the magazine comments that it is no longer a question of when assembly lines stop, but how long it will take them to start up.

General Motors, hardest hit, will stop production of all cars before the end of October. Chevrolet ended production of standard models Oct. 20, with Corvairs to be produced through Oct 30. Ford can produce until Nov. 15, but will exhaust its pipelines by that time. Chrysler Corp. will continue production into November, but will halt output shortly after the first of the month.

Hundreds of Metalworking Plants to Close Over Next 30 Days

Hundreds of metalworking plants will be forced to close over the next 30 days for lack of steel. Shutdowns will occur even though the mills reopen this week, "Steel," the metalworking weekly, said on Oct. 19.

Steel using plants will suffer more after the mills reopen than they have during the 14 weeks of the strike. Their stocks are now low, and they cannot expect normal shipments from the mills for 30 to 90 days after operations are resumed.

A survey of steel consuming industries by "Steel" indicates they have weathered nearly 14 weeks of the strike remarkably well but now their stocks are dangerously low. This is how the industries are faring:

Autos: Steel inventories are below minimum working standards. Shutdowns will be at an increasing rate and will be serious by November, partly due to lack of delivery by part suppliers.

Appliances: Mass shutdowns will be necessary early in November, often because part suppliers won't be able to deliver.

Building: The steel strike is starting to hurt badly now.

Oil Country Goods: Users are O.K. now, but they will have trouble rebuilding stocks sufficiently for normal spring operations.

Farm Equipment: Spot shortages exist. November will be much more difficult.

Cans: Canmakers' stocks are adequate now, but they may have trouble next spring when they hit their peak demands.

Capital Goods: Machinery builders anticipate little trouble from steel shortages except as they will occasionally hit their suppliers.

Fasteners: Steel inventory levels vary widely. Some makers can continue producing part of their line, are running out of steel for other lines.

Defense Hardware: Contractors have not been seriously affected, but an occasional spot shortage is reported. Example: Scarcity of wide sheets may hurt the Polaris program.

Through Oct. 19, the strike has cost steelworkers $998,800,000 in wages, "Steel" said. The average striker has lost $1,896 in wages.

Without a strike, steelworkers could have won a 15 cent an hour package on a two year contract. If the union should win its current demand for a package costing 30 cents for two years, members would have to work 24,925 hours to make up what they have lost in the first 14 weeks of the strike. That would take about 12½ years. If the union should gain a compromise package worth 10 cents an hour a year, it would take the average steelworker 37 years to make up his losses.

Because of the strike, the industry has lost $2,898,000,000 in sales and 27,460,700 ingot tons in production. Other industry losses —such as overhead, depreciation, and salaries of nonproduction workers in steel—amount to $552,000,000. Tax losses to the U. S. have now reached $630,000,000.

Last week, steelmaking operations held at 13% of capacity. Production was about 368,000 ingot tons.

Because of renewed export demand and an upturn in domestic mill purchases, "Steel's" composite No. 1 heavy melting scrap jumped $1.33 last week to $44.33 a gross ton. Sellers are bullish.

Steel Output Based on 13.1% of Capacity

The American Iron and Steel Institute announced that the operating rate of the steel companies will average *23.1% of steel capacity for the week beginning Oct. 19, equivalent to 371,000 tons of ingot and steel castings (based on average weekly production of 1947-49) as compared with an actual rate of 22.9% of capacity and 368,000 tons a week ago. [ED. NOTE: A strike in the steel industry began Wednesday, July 15.]

Actual output for the week beginning Oct 12 was equal to 13.0% of the utilization of the Jan. 1, 1959 annual capacity of 147,633,670 net tons. Estimated percentage for this week's forecast is 13.1%.

A month ago the operating rate (based on 1947-49 weekly production) was *22.5% and production 362,600 tons. A year ago the actual weekly production was placed at 2,026,000 tons, or 126.1%.

*Index of production is based on average weekly production for 1947-49.

Lack of Steel to Curb Auto Output

U. S. auto makers turned out an estimated 130,107 units in week ended Oct. 17, marking the best production period for the industry since the start of '60 model operations, "Ward's Automotive Reports" said.

"Ward's" said the week's volume paralleled some of the most active weeks in the '59 model run but noted that it may be the last heavy output until the steel strike is settled.

The trade publication said complete shutdowns at most of Chevrolet car assembly plants in the present week would slash production considerably. A Chevrolet plant at Framingham, Mass., was expected to close Oct. 16 from lack of parts and it will be followed by at least nine more of the division's 13 assembly plants.

However, production of the new Corvairs, as well as trucks, will continue, "Ward's" indicated.

The statistical agency said other General Motors divisions and Chrysler Corp. and Ford Motor Co. would be able to carry out volume production through the end of the month and even into mid-November. "Ward's" said American Motors will operate through November and that Studebaker-Packard has enough steel to be active until the first week of December.

"Ward's" said the industry carried out a predominately five-day assembly program during the week ended Oct. 17, except for Ford Motor Co. which scheduled operations on the latter day at all of its Ford car plants and at Edsel, Lincoln and Thunderbird facilities. Corvair assembly at Willow Run, Mich., was held to four days because of steel shortages, and Falcon plants at Lorain, Ohio, and Kansas City, Mo., worked only three days because of supplier bottlenecks.

"Ward's" said production was limited to four days at Chrysler Corp.'s Dodge Hamtramck plant and at the Imperial plant in Dearborn, Mich., because of parts shortages.

"Ward's" said car-truck output to date (5,583,331) is ahead of 1958 (3,616,663) by 54%.

Electric Output 6.7% Above 1958 Week

The amount of electric energy distributed by the electric light and power industry for the week ended Saturday, Oct. 17, was estimated at 12,861,000,000 kwh., according to the Edison Electric Institute. Output decreased by 225,000,000 kwh. below that of the previous week's total of 13,086,000,000 kwh. but showed a gain of 813,000,000 kwh., or 6.7% above that of the comparable 1958 week.

Car Loadings Down 18.6% from 1958 Week

Loading of revenue freight for the week ended Oct. 10, 1959, totaled 558,780 cars, the Association of American Railroads announced. This was a decrease of 127,741 cars or 18.6% below the corresponding week in 1958, and a decrease of 132,740 cars or 24.6% below the corresponding week in 1957.

Loadings in the week of Oct. 10, were 13,722 cars or 2.4% below the preceding week. It is estimated that about 170,000 additional cars would have been loaded in the current week if there had been no steel strike. Based on these week-to-week estimates the cumulative loss is now approximately 2,000,000 cars.

Intercity Truck Tonnage 6.5% Above 1958 Week

Intercity truck tonnage in the week ended Oct. 10, was 6.5% ahead of the corresponding week of 1958, the American Trucking Associations, Inc., announced. Truck tonnage was 3.9% below that of the previous week of this year.

These findings are based on the weekly survey of 34 metropolitan areas conducted by the ATA Research Department. The report reflects tonnage handled at over 400 truck terminals of common carriers of general freight throughout the country.

Lumber Shipments 2.6% Below 1958 Week

Lumber shipments of 463 mills reporting to the National Lumber Trade Barometer were 5.2% below production for the week ended Oct. 10, 1959. In the same week new orders of these mills were 8.7% below production. Unfilled orders of reporting mills amounted to 36% of gross stocks. For reporting softwood mills, unfilled orders were equivalent to 17 days' production at the current rate, and gross stocks were equivalent to 43 days' production.

For the year-to-date, shipments of reporting identical mills were 0.9% above production; new orders were 0.1% above production.

Compared with the previous week ended Oct. 3, 1959, production of reporting mills was 6.0% below; shipments were 7.0% below; new orders were 4.1% below. Compared with the corresponding week in 1958 production of reporting mills was 2.1% above; shipments were 2.6% below; and new orders were 7.2% above.

Business Failures Lower in Week Ended Oct. 15

Commercial and industrial failures declined to 252 in the week ended Oct. 15 from 274 in the preceding week, reported Dun & Bradstreet, Inc. Casualties were noticeably lower than a year ago when 288 occurred, and also dipped slightly from the 258 in 1957. Some 9% fewer businesses failed than in the comparable week of prewar 1939 when the toll was 277.

Failures involving liabilities of $5,000 or more fell to 221 from 240 in the previous week and 233 a year earlier. A decrease also occurred among small casualties, those with liabilities under $5,000, which dipped to 31 from 34 last week and were off considerably from the 55 of this size in 1958. Sixteen of the failing enterprises had liabilities in excess of $100,000, as against 19 in the preceding week.

All of the week's decline was concentrated in retailing, down to 119 casualties from 138 in the previous week, and in wholesaling, off to 16 from 35. In contrast, the toll among manufacturers rose to 55 from 50, among construction contractors to 43 from 37, and among commercial services to 19 from 14. While manufacturing and construction suffered more casualties than in the similar week of last year, failures in trade and service lines fell below 1958 levels.

Six of the nine major geographic regions reported lower tolls during the week. Middle Atlantic casualties dipped to 81 from 87, and East North Central to 39 from 48. The only week-to-week increases appeared in the Pacific States, up to 69 from 60, in the South Atlantic, up to 27 from 20, and in the West North Central States where casualties edged to 12 from 11. Fewer concerns succumbed than last year in all regions except the South Atlantic and West North Central States.

Wholesale Food Price Index Continues Downtrend

For the fourth consecutive week, the wholesale food price index, compiled by Dun & Bradstreet, Inc., hit a new low for 1959. At $5.86 on Oct. 13, the index was at the lowest level since Jan. 17, 1956. It was 0.5% below the prior week's $5.89, and down 5.9% from the $6.23 of the corresponding date a year ago.

Higher in wholesale cost this week were rye, oats, barley, lard, butter, sugar, potatoes, rice and steers. Lower in price were wheat, corn, beef, coffee, cottonseed oil, cocoa and eggs.

The Dun & Bradstreet, Inc. wholesale food price index represents the sum total of the price per pound of 31 raw food stuffs and meats in general use. It is not a cost-of-living index. Its chief function is to show the general trend of food prices at the wholesale level.

Wholesale Commodity Price Index Remains at Week Earlier Level

Higher prices on wheat, oats, lard, coffee, butter, lambs, hogs and steel scrap offset declines in corn, hides and cotton last week holding the general commodity price level at the level of the prior week. The Daily Wholesale Commodity Price Index, compiled by Dun & Bradstreet, Inc., stood at 276.25 (1930-32=100) on Oct. 19, compared with 276.26 a week earlier and 276.71 on the corresponding date a year ago.

With light offerings and increased buying by mills, wheat prices moved up moderately last week; in addition, there was an appreciable rise in export interest in wheat. A government estimate placing this year's corn crop at a record 4,500,000,000 bushels resulted in a marked dip in corn prices; corn buying was sustained at a high level.

News of snow and unfavorable weather conditions in growing areas and a strong demand for the milling type, helped hold rye prices at prior week levels. There was a slight rise in oats prices as trading moved up. Although receipts remained light, purchases of soybeans slipped last week and prices were down appreciably.

Flour prices remained close to the prior week with little change in trading; there was a moderate rise in export buying of flour. Although both domestic and export inquiries for rice moved up substantially, prices were unchanged from a week earlier, negotiations were pending for the sale of rice to markets in South America, Africa, the West Indies, Europe and Asia.

Volume in sugar was steady last week, and prices were practically unchanged. Coffee prices advanced appreciably at the end of the week and finished slightly higher than the prior period, this was due to a marked rise in trading. There was a slight increase in cocoa prices as a result of new business to trade and commission houses.

A moderate increase occurred in hog trading in Chicago helping prices rise substantially. Steer receipts were limited, but buying was steady and prices matched those of the prior week. Purchases of lambs were steady, but prices edged up over a week earlier. Following the rise in hog prices, lard prices climbed somewhat during the week.

There was a fractional dip in spot cotton prices on the New York Cotton Exchange. Exports of United States cotton during the week ended last Tuesday came to about 42,000 bales, compared with 50,000 a week earlier and 34,000 in the similar 1958 week. For the season through Oct. 13, exports came to about 334,000 bales, against 509,000 in the comparable 1958 period.

Cooler Weather and Promotions Help Retail Trade

Cooler weather over the weekend in many areas and extensive Columbus Day sales promotions helped overall retail trade rise moderately over both the prior week and a year ago in the week ended Oct. 14. The most noticeable year-to-year gains occurred in sales of women's apparel, appliances, floor coverings, furniture, and new passenger cars.

The total dollar volume of retail trade in the week under review was 2 to 6% higher than a year ago, according to spot estimates collected by Dun & Bradstreet, Inc. Regional estimates varied from the comparable 1958 levels by the following percentages: Pacific Coast +6 to +10; Mountain +5 to +9; West North Central +4 to +8; East North Central and West South Central +3 to +7; New England 0 to +4; Middle Atlantic —1 to +3; South Atlantic and East South Central —2 to +2.

Women shoppers stepped up their buying of better dresses, raincoats, suits, and fur-trimmed cloth coats during the week and interest in sportswear and fashion accessories matched that of the prior week. While volume in men's apparel was unchanged from a week earlier, sales slipped below those of the similar 1958 week. Declines in men's suits and topcoats from a year ago offset increases in furnishing. The buying of children's clothing moderately exceeded that of last year.

Marked week-to-week gains occurred in sales of major appliances, especially laundry equipment, television sets, and refrigerators; this boosted overall appliance volume well over a year ago. Best-sellers in furniture were bedrooms sets, case goods, and upholstered chairs. Sales promotions stirred up interest in linens, and moderate year-to-year increases occurred. While the call for floor coverings remained noticeably over last year, sales of linens were down slightly.

There was a slight rise in food sales at retail, with the most appreciable gains in canned goods, baked goods, and dairy products. Volume in fresh meat, poultry, and fresh produce was unchanged from a week earlier.

Nationwide Department Store Sales Up 3% for October 10 Week

Department store sales on a country-wide basis as taken from the Federal Reserve Board's Index for the week ended Oct. 10, increased 3% above the like period last year. In the preceding week, for Oct. 3, a decrease of 1% was reported. For the four weeks ended Oct. 10 a 6% increase was registered and for Jan. 1 to Oct. 10 a 7% increase was noted.

According to the Federal Reserve System department store sales in New York City for the week ended Oct. 10 decreased 3% over the like period last year. In the preceding week Oct. 3 a 8% decrease was shown. For the four weeks ended Oct. 10 a 3% increase was reported over the 1958 period. Jan. 1 to Oct. 10 showed a 2% increase.

Amer. Electric Power Co. Com. Stk. Offered

The First Boston and Eastman Dillon, Union Securities & Co. on Oct. 15 publicly offered 1,200,000 shares of common stock (par $10) of American Electric Power Co., Inc. at $48 per share. The group was awarded the stock at competitive sale on a bid of $46.26 per share.

Net proceeds from the sale of the new common stock will be applied to the payment at or prior to maturity of $52,000,000 of outstanding notes payable to banks, due Nov. 25, 1959 and to the prepayment of short-term bank loans, any remaining balance to be added to the company's treasury funds and used for general corporate purposes. Expenditures by the company's subsidiaries for construction in 1959 are expected to total $120,000,000 and for the year 1960 approximately $100,000,000. It is estimated that this construction program will not require any further public financing by the company or its subsidiaries during 1959 and that, other than temporary bank borrowings, no such financing will be required in 1960.

Tassette, Inc. Stock Offered

Amos Treat & Co. and Truman Wasserman & Co, Inc., both of New York City, are offering today (Oct. 22) 100,000 shares of class A stock (par 10 cents) of Tassette, Inc. at $3 per share, as a speculation.

The net proceeds will be used as payment to promoters for inventory and cash advanced for advertising and other expenses; purchase of molds and dies; purchase of furniture and fixtures; for selling, advertising and sales promotion; working capital and inventory; and as reserve for contingencies.

Bartell Corp. Issue All Sold

W. W. Schroeder & Co., Inc., of New York City, on Oct. 16 publicly offered 54,545 shares of capital stock (par $1) of Bartell Broadcasting Corp. at $5.50 per share. This offering was heavily oversubscribed and the books have been closed.

The net proceeds to the company upon the sale of the 54,545 shares of capital stock to the underwriter and after deduction of expense of the offering, chargeable to the company and not expected to exceed $15,000, are estimated to be $254,997.75 and will be added to the company's general funds and used to finance the expanded operations of the company and the subsidiary, including the possible acquisition of another radio station if as and when such opportunity is presented.

J. Barr Haines V.-P. Cunningham, Schmertz

PITTSBURGH, Pa.—J. Barr Haines has joined Cunningham, Schmertz & Co., Inc., First National Bank Building, as Vice-President. He was formerly a partner in Steele, Haines & Co.

Wallach Opens Office

BROOKLYN, N. Y.—Jerome Wallach is conducting a securities business from offices at 26 Court Street.

Weinstein & Sussman

Weinstein & Sussman has been formed with offices at 480 Lexington Avenue, New York City to engage in a securities business.

Samuel Lesser Opens

Samuel Lesser is conducting a securities business from offices at 9 Maiden Lane, New York City.

Securities Now in Registration

★ INDICATES ADDITIONS SINCE PREVIOUS ISSUE
• ITEMS REVISED

Abbott-Warner Co., Inc.
Aug. 12 (letter of notification) 62,500 shares of common stock (no par). **Price**—$2.70 per share. **Proceeds**—To prepare estimates and to submit bids, as a prime contractor on specialized construction projects. **Office**—123 Denick Ave., Youngstown, Ohio. **Underwriter**—Strathmore Securities, Inc., 605 Park Bldg., Pittsburgh 22, Pa.

Abco, Inc.
Oct. 5 (letter of notification) 150,000 shares of common stock (par $1). **Price**—$2 per share. **Proceeds**—For plant and equipment, and working capital. **Office**—411 W. 5th St., Los Angeles, Calif. **Underwriter**—Baron, Black, Kolb & Lawrence, Inc., Beverly Hills, Calif.

• Acme Missiles & Construction Corp. (10/26-30)
July 24 filed 200,000 shares of common stock (par 25c), of which 150,000 shares will be offered for public sale for the account of the company, and 50,000 shares will be offered for the accounts of the present holders thereof. **Price**—$6 per share. **Proceeds**—For general corporate purposes, including additional personnel, office space, equipment, and the provision of funds necessary to compete for certain contracts. **Office**—2949 Long Beach Road, Oceanside, L. I., N. Y. **Underwriter** — Myron A. Lomasney & Co., New York.

Aeronautical Electronics, Inc.
Sept. 21 (letter of notification) 78,350 shares of common stock (par $1) to be offered for subscription by stockholders of record Oct. 1, 1959 for one full share but not in excess of five shares. Rights expire 30 days after offering. **Price**—To be supplied by amendment. **Proceeds**—For construction, purchase of inventory and additional working capital. **Office**—Raleigh-Durham Airport, P. O. Box 6527, Raleigh, N. C. **Underwriter**—None.

Aircraft Dynamics International Corp.
Sept. 25 (letter of notification) 100,000 shares of common stock (par 10 cents). **Price**—$3 per share. **Proceeds**—For general corporate purposes. **Office**—229 S. State Street, Dover, Del. **Underwriter**—Aviation Investors of America, Inc., 666 Fifth Avenue, New York 19, N. Y.

Airtronics International Corp. of Florida
Aug. 31 (letter of notification) 109,090 shares of common stock (par 10 cents). **Price**—$2.75 per share. On Oct. 5 the letter of notification was amended to cover 200,000 shares of common stock (par 10 cents), to be sold at $2.00 per share. **Proceeds**—To be used to pay off loan and increase working capital. **Office**—Fort Lauderdale, Fla. **Underwriter**—Frank B. Bateman, Ltd., Palm Beach, Fla.

Alaska Consolidated Oil Co., Inc.
Sept. 17 filed 3,000,000 shares of common stock (par five cents). **Price**—$2.50 per share. **Proceeds**—For further development and exploration of the oil and gas potential of the company's Alaska properties. **Office**—80 Wall St., New York. **Underwriter**—To be supplied by amendment. **Offering**—Expected in about six to eight weeks.

• Alliance Tire & Rubber Co. Ltd.
Sept. 9 filed 100,000 shares of class A stock. **Price**—$12.60 per share, payable either in cash or in bonds issued by the State of Israel. **Proceeds**—For expansion. **Office**—Hadera, Israel. **Agent** — Harry E. Brager Associates, Washington, D. C., and New York. **Offering**—Expected any day.

★ Allied Producers Corp.
Oct. 8 (letter of notification) 300,000 shares of common stock (par 20 cents). **Price**—$1 per share. **Proceeds**—For working capital. **Office**—115 Louisiana St., Little Rock, Ark. **Underwriter**—None. The offering is to be made by John L. Dedde, President of the issuing company.

Allied Small Business Investment Corp.
Sept. 29 filed 100,000 shares of common stock (par $8). **Price**—$11 per share. **Proceeds**—To be used to provide equity capital and long-term loans to small business concerns. **Office**—Washington, D. C. **Underwriter**—To be supplied by amendment.

American Boatbuilding Corp.
Sept. 29 (letter of notification) 100,000 shares of common stock (par 15 cents). **Price**—$3 per share. **Proceeds**—For additional working capital, to pay off a note and for expanding and improving the boat building business. **Office**—Division Street, Warwick, R. I. **Underwriter**—Frank P. Hunt & Co., Inc., Rochester, N. Y.

American Educational Life Insurance Co.
Sept. 15 filed 3,800,000 shares of class A common stock (par $1), (voting), and 950,000 shares of class B common stock (par $1), (non-voting), to be offered in units of four shares of class A stock and one share of class B stock. **Price**—$25 per unit. **Proceeds**—For general corporate purposes. **Office**—Nashville, Tenn. **Underwriter**—Standard Securities Corp., Third National Bank Bldg., Nashville, Tenn.

• American & Foreign Power Co., Inc. (11/2-6)
Oct. 7 filed 220,000 shares of common stock (no par). **Price**—To be supplied by amendment. **Proceeds**—Will go to selling stockholder, Electric Bond & Share Co. which upon completion of the offering will hold 52.3% of the total outstanding stock of American & Foreign Power Co. **Underwriters** — Lazard Freres & Co. and The First Boston Corp., both of New York.

American Heritage Life Insurance Co. (10/28)
Oct 5 filed 360,000 shares of common stock (par $1). These shares will be exchanged for 57,492 of the 57,500 shares of the outstanding stock of Reliable Insurance Co. The new shares will be subsequently offered to the public. **Office**—218 West Adams Street, Jacksonville, Fla. **Underwriters**—Merrill Lynch, Pierce, Fenner & Smith Inc., New York, and Pierce, Carrison, Wulbern, Inc., Jacksonville, Fla.

• American Investors Syndicate, Inc.
June 25 filed 600,000 shares of common stock (par 10 cents), and 200,000 shares of 6% preferred stock (no par value, $9 stated value), to be offered in units consisting of 3 shares of common ($1 each) and 1 share of preferred ($9). **Price**—$12 per unit. **Proceeds**—For construction and related expenditures. **Office**—513 International Trade Mart, New Orleans, La. **Underwriter**—Lindsay Securities Corp., New Orleans, La. The SEC had scheduled a hearing, to begin on Sept. 2, which will determine whether a stop order will be issued suspending the offering. As of Oct. 21, no decision had been rendered.

American Motorists Insurance Co.
Sept. 22 filed 166,666⅔ shares of capital stock (par $3), to be offered to holders of outstanding shares of such stock of record Oct. 26, 1959, in the ratio of one new share for each eight shares then held; rights to expire on or about Nov. 27. **Price**—$12 per share. **Proceeds**—To raise the ratio of its capital stock, surplus, and surplus reserve to premium writings, to increase underwriting capacity, and for general corporate purposes. **Office**—4750 Sheridan Road, Chicago, Ill. **Underwriter**—None.

American Service Life Insurance Co.
Sept. 14 filed 375,000 shares of common stock, of which 300,000 shares are to be publicly offered. **Price**—$3.50 per share. **Proceeds**—For general corporate purposes, including, possibly, the acquisition of similarly engaged companies. **Office**—113 Northeast 23rd Street, Oklahoma City, Okla. **Underwriter** — First Investment Planning Co., Washington, D. C.

Ampal-American Israel Corp.
July 30 filed $3,000,000 of five-year 5% sinking fund debentures, series G, due 1964, and $3,000,000 of 10-year 6% sinking fund debentures, series H, due 1969. **Price**—At 100% of principal amount. **Proceeds**—To develop and expand various enterprises in Israel. **Office**—17 E. 71st Street, New York. **Underwriter**—None. **Offering**—Expected later this year. Statement effective Oct. 8.

• Anodyne, Inc., Bayside, L. I., N. Y. (10/26-30)
Sept. 9 (letter of notification) 150,000 shares of common stock (par one cent). **Price**—$2 per share. **Proceeds**—For expansion and general corporate purposes. **Underwriter**—Ross, Lyon & Co., Inc., New York, N. Y.

• Anthony Pools, Inc.
Sept. 28 filed 200,000 shares of outstanding common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—To selling stockholders. **Office**—5871 Firestone Boulevard, South Gate, Calif. **Underwriter** — Marron, Edens, Sloss & Co., Inc., New York. **Offering** — Expected in November.

Anthony Powercraft
Sept. 8 (letter of notification) 241,200 shares of 5% cumulative convertible preferred stock to be offered for subscription by common stockholders at the rate of two preferred shares for each three shares of common stock held. **Price**—At par ($1 per share). **Proceeds**—To purchase inventory, new tools, construction and for working capital. **Office**—5871 E. Firestone Boulevard, South Gate, Calif. **Underwriter**—None.

Architectural Plastics Corp.
Sept. 30 (letter of notification) 260,686 shares of common stock (par $1) to be offered for subscription by stockholders and then to the public. Of the total shares to be offered, 103,430 shares are under options and subscriptions. **Price**—$1.25 per share. **Proceeds**—For relocating and improving manufacturing plant; advertising, additional inventories and working capital. **Office**—1355 River Rd., Eugene, Ore. **Underwriter**—Zilka, Smither & Co., Inc., Portland, Ore.

• Arizona Fertilizer & Chemical Co. (10/28-11/5)
Sept. 24 filed 100,000 shares of common stock (par $2.50) of which 75,000 shares are to be offered for the account of the issuing company, and 25,000 shares for the accounts of the present holders thereof. **Price** — Around $9 per share. **Proceeds** — For general corporate purposes, including the provision of funds for the expansion of Cortez Chemicals Co., a subsidiary, the addition to working capital of the issuing company, and the partial liquidation of its unfunded indebtedness. **Office**—734 East Southern Pacific Drive, Phoenix, Ariz. **Underwriters** — Mitchum, Jones & Templeton, Los Angeles, Calif., and Walston & Co., Inc., New York.

Associations Investment Fund
Aug. 28 filed 400,000 shares of common stock. **Price**—To be supplied by amendment. **Proceeds**—For investment in common stocks. **Office**—301 W. 11th Street, Kansas City, Mo. **Underwriter**—Jones Plans, Inc., a subsidiary of R. B. Jones & Sons, Inc.

★ Atlantic City Electric Co. (11/16-20)
Oct. 20 filed 200,000 shares of common stock (par ??). **Price**—To be supplied by amendment. **Proceeds** — To provide part of the funds required for the company's 1960 construction and to provide additional funds if needed for costs of construction being incurred in 1959. **Underwriters**—Eastman Dillon, Union Securities & Co. and Smith, Barney & Co., both of New York.

★ Atlas Sewing Centers, Inc. (11/16-20)
Oct. 15 filed $2,000,000 of 6% convertible subordinated debentures due Nov. 1, 1974. **Price**—To be supplied by amendment. **Proceeds**—Along with other funds, will be used for reduction of short-term loans, for company's expansion program, and for additional working capital. **Underwriter**—Van Alstyne, Noel & Co., New York.

★ Atlas Sewing Centers, Inc. (11/16-20)
Oct. 15 filed 75,000 shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—To selling stockholders. **Office**—Miami, Fla. **Underwriter**—Van Alstyne, Noel & Co., New York.

Audio-Dynamics Corp.
Sept. 23 (letter of notification) 200,000 shares of common stock (par $1). **Price**—$1.50 per share. **Proceeds**—To purchase stores and equipment and for working capital. **Office**—Cafritz Building, Suite 915-16, 1625 Eye Street, N. W., Washington, D. C. **Underwriter**—Balogh & Co., Inc., Washington, D. C.

Australian Grazing & Pastoral Co., Ltd.
Jan. 13 filed 4,000,000 shares of common stock. **Price**—At par (56¼ cents per share). **Proceeds**—To purchase cattle; for improvements; to buy additional ranch in Queensland, Australia; and for other corporate purposes. **Office** — 1301 Avenue L, Cisco, Texas. **Underwriter**—None. Robert Kamon is President.

• Baker Oil Tools, Inc. (11/12)
Oct. 7 filed 550,000 shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—To selling stockholders. **Business**—Company designs, manufactures, and distributes a broad line of specialized tools and equipment used throughout the world in drilling. **Underwriters**—Lehman Brothers, New York, and Lester Ryons & Co., Los Angeles Calif.

B. M. Harrison Electrosonics, Inc.
Sept. 25 filed 133,000 shares of common stock (no par). **Price**—$3 per share. **Proceeds**—For general corporate purposes, including the reduction of indebtedness and the provision of funds to assist the company's expansion into the civilian market. **Office** — Newton Highlands, Mass. **Underwriter**—G. Everett Parks & Co., Inc., 52 Broadway, New York City. **Offering**—Expected prior to Nov. 13.

★ Baldwin Securities Corp., New York
Oct. 20 filed 823,825 shares of common stock, to be offered in exchange for the common stock of General Industrial Enterprises, Inc., at the rate of five Baldwin shares for each General share.

• Bank Stock Corp. of Milwaukee
Sept. 11 filed 605,000 shares of common stock, to be offered in exchange for common stock of Marshall & Ilsley Bank and the capital shares of the Northern Bank, on the basis of two of the issuing company's shares for each such Marshall & Ilsley share, and 10½ of the issuing company's shares for each such Northern Bank share. The exchange offer is conditioned upon the issuing company acquiring by exchange not less than 80% of the outstanding shares of the other banks, which are also located in Milwaukee, and has been approved by the Federal Reserve Board on the condition that the exchange take place by Dec. 3, 1959. The exchange offer will expire on Nov. 13, unless extended. **Office**—72[illegible] North Water St., Milwaukee, Wis. Statement effective Oct. 15.

• Bankers Management Corp.
Sept. 10 (letter of notification) 300,000 shares of common stock (par 25 cents). **Price**—$1 per share. **Proceeds**—For working capital. **Office**—1404 Main Street, Houston 2, Texas. **Underwriter**—Daggett Securities, Inc., Newark, N. J. **Offering**—Expected in about 30 days.

Bankers Preferred Life Insurance Co.
Jan. 30 (letter of notification) 100,000 shares of common stock (par $1.60). **Price**—$3 per share. **Proceeds**—For expenses incidental to operation of an insurance company. **Office**—Suite 619, E. & C. Bldg., Denver, Colo. **Underwriter**—Ringsby Underwriters, Inc., Denver 2, Colo.

★ Barber-Greene Co., Aurora, Ill.
Oct. 21 filed 133,600 shares of common stock, of which 125,000 shares are to be offered for the account of the issuing company, and 8,600 shares are to be offered for the accounts of the present holders thereof. **Price**—To be supplied by amendment. **Proceeds**—To be added to general funds to reduce bank loans. **Underwriter**—William Blair & Co., Chicago, Ill.

• Barton's Candy Corp. (11/2-6)
Sept. 28 filed 175,000 shares of common stock (par $1), of which 150,000 shares are to be publicly offered. **Price**—To be supplied by amendment. **Proceeds**—For general corporate purposes, including the financing of accounts receivable, the provision of funds for new machinery and equipment, for construction of new stores and improvements of present outlets, and for working capital. **Office**—80 DeKalb Avenue, Brooklyn, N. Y. **Underwriter**—D. H. Blair & Co.

• Basic Materials, Inc.
April 9 (letter of notification) 1,200,000 shares of common stock (par 10 cents). **Price**—25 cents per share. **Proceeds**—For mining expenses. **Office**—c/o Harold A. Roberts, President, Arroyo Hondo, Santa Fe, N. Mex. **Underwriter** — Hyder, Rosenthal & Co., Albuquerque, N. Mex. Letter became effective on Sept. 21.

• BBM Photocopy Manufacturing Corp. (10/26-30)
Aug. 27 (letter of notification) 100,000 shares of capital stock (par five cents). **Price**—$3 per share. **Proceeds**—For general corporate purposes. **Office**—42 W. 15th St.,

New York, N. Y. **Underwriter**—Myron A. Lomasney & Co., New York, N. Y.

● **Berens Real Estate Investment Corp.**
July 31 filed $1,200,000 of 6½% debentures, due Sept. 15, 1969, and 80,000 shares of common stock (par $5). **Price**—$500 per unit, each unit to consist of $300 of debentures and 20 shares of common stock. **Proceeds**—For working capital. **Office**—1722 L St. N. W., Washington D. C. **Underwriter**—Berens Securities Corp., same address. Statement effective Oct. 15.

★ **Biederman Furniture Co.**
Oct. 16 filed 331,635 shares of class A common stock (par $1). Of the total, 216,549 shares will be sold for the company's account and 115,086 shares are being offered for the accounts of certain selling stockholders. **Price**—To be supplied by amendment. **Proceeds**—$845,170 will be used to purchase from the shareholders of Biedermans of Alton, Inc., an Illinois corporation and Biedermans of Springfield, Inc., a Missouri corporation, all of the outstanding stock of both corporations. The shareholders from whom such stock is be acquired are David Biederman, William Biederman and the Trustees of the Trust Estates created under the Will of Charles Biederman, deceased, all of whom are also selling shareholders; the balance will be used for general corporate purposes, and the possible future expansion of its business by opening of additional stores, requiring the carrying of additional inventories and additional instalment obligations, and also possibly for the expansion of warehouse facilities. **Underwriter** — Dempsey-Tegeler & Co., St. Louis, Mo. **Offering**—Scheduled for the beginning of November.

● **Biochemical Procedures, Inc. (10/26-30)**
Sept. 9 filed 100,000 shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—For expansion and additional working capital. **Office**—Los Angeles, Calif. **Underwriter**—Shields & Co.. New York.

Blanch-Ette, Inc.
Oct. 12 filed 400,000 shares of common stock, to be offered initially to independent dealers who handle the company's products, with the unsubscribed shares to be offered to the public. **Price**—$1 per share. **Proceeds**—To establish new dealerships, increase inventories, and provide funds for advertising and increase working capital. **Office**—10232 South Kedzie Ave., Chicago, Ill. **Underwriter**—None.

Border Steel Rolling Mills, Inc.
Sept. 14 filed $2,100,000 of 15-year 6% subordinated sinking fund debentures, due Oct. 1, 1974, and 210,000 shares of common stock ($2.50 par), to be offered in units of $50 principal amount of debentures and five shares of common stock. **Price** — To be supplied by amendment. **Proceeds**—For the purchase of land and construction thereon, and for the manufacture and installation of necessary equipment. **Office**—1609 Texas Street, El Paso, Texas. **Underwriters**—First Southwest Co., Dallas, Texas, and Harold S. Stewart & Co., El Paso, Texas.

Border Steel Rolling Mills, Inc.
Sept. 14 filed 226,380 shares of common stock, to be offered for subscription to stockholders of record Aug. 31, 1959, on the basis of 49 new shares for each share then held. **Price**—To be supplied by amendment. **Proceeds**—For general corporate purposes. **Office** — 1609 Texas Street, El Paso, Texas. **Underwriter**—None.

Breuer & Curran Oil Co.
Sept. 24 filed $1,500,000 of co-ownership participations in an oil and gas exploration fund. **Price**—The minimum participations will be $10,000. **Proceeds**—To conduct oil and gas exploration activities. **Office**—3510 Prudential Plaza, Chicago, Ill.

★ **Brookings International Life Casualty Co.**
Oct. 12 (letter of notification) 11,364 shares of common stock (par $8.80) to be offered to policyholders as of Aug. 16, 1959. **Price** —$9.68 per share. **Proceeds** — For working capital and surplus accounts. **Office**—520 Main Ave., Brookings, S. D. **Underwriter**—None.

Burch Oil Co.
Sept. 25 (letter of ontification) 120,000 shares of class A common stock (par five cents). **Price**—$2.50 per share. **Proceeds**—For building and equipping stations and truck stop and additional working capital. **Office**—C/o Garland D. Burch, at 707 Grattan Road, Martinsvilie, Va. **Underwriter**—Maryland Securities Co., Inc., Old Town Bank Building, Baltimore 2, Md.

Cadre Industries Corp.
Sept. 25 filed 17,532 shares of common stock (par $5), to be offered to holders of such stock of record Oct. 23, on the basis of one new share for each 8 shares then held; rights to expire on or about Nov. 16 (subject to SEC approval). **Price**—$64 per share. **Proceeds**—For general corporate purposes, including working capital. **Office**—20 Valley St., Endwell, N. Y. **Underwriter**—None.

● **California Liquid Gas Corp.**
Sept. 16 filed 100,000 shares of common stock (par $1), of which 55,000 shares are to be offered for the account of the issuing company, and 45,000 shares, representing outstanding stock, are to be offered for the account of the present holder thereof (of which latter amount 2,000 shares will be sold to certain employees). **Price** — $17 per share. **Proceeds**—To repay indebtedness, purchase new transport equipment, and for working capital. **Address**—P. O. Box 5073, Sacramento, Calif. **Underwriter**—Kidder, Peabody & Co., New York. **Offering**—Expected today (Oct. 22).

California Metals Corp.
July 27 filed 2,500,000 shares of common stock. **Price**—At par (20 cents per share). **Proceeds**—For construction of a pilot plant; for measuring ore; for assaying; and for general corporate purposes. **Office**—3955 South State St., Salt Lake City, Utah. **Underwriter**—Cromer Brokerage Co., Inc., Salt Lake City.

California Mutual Co-Ply, Inc.
Sept. 14 filed 140 shares of voting common stock. **Price**—At par ($5,000 per share). **Proceeds**—To purchase the mill and related facilities of Durable Plywood Co. for $690,000, with the balance to be used for working capital. **Office**—Calpella, Calif. **Underwriter**—The offering is to be made by Ramond Benjamin Robbins, one of the nine promoters, the list of which also includes Harry Ernest Holt, of Eureka, Calif., President of the company.

● **Camloc Fastener Corp.**
Sept. 11 filed 150,500 shares of common stock (par $2). **Price** — $9 per share. **Proceeds** — To selling stockholder. **Office**—22 Spring Valley Road, Paramus, N. J. **Under-**

Continued on page 38

NEW ISSUE CALENDAR

October 23 (Friday)

National Key Co. .... Common
(C. E. Unterberg, Towbin Co.) 200,000 shares

October 26 (Monday)

Acme Missiles & Construction Corp. ...... Common
(Myron A. Lomasney & Co.) $1,200,000

Anodyne, Inc. .... Common
(Ross, Lyon & Co., Inc.) $300,000

BBM Photocopy Manufacturing Corp. .... Common
(Myron A. Lomasney & Co.) $300,000

Biochemical Procedures, Inc. .... Common
(Shields & Co.) 100,000 shares

Buckingham Transportation .... Common
(Cruttenden, Podesta & Co.) $2,500,000

First Financial Corp. of the West .... Common
(William R. Staats & Co.) 120,000 shares

Gertsch Products, Inc. .... Capital Stock
(Schwabacher & Co.) 107,143 shares

Hilton Hotel Corp. .... Debentures
(Carl M. Rhoades & Co. and Merrill Lynch, Pierce, Fenner & Smith Inc.) $30,000,000

Hilton Hotels Corp. .... Debentures
(Carl M. Loeb, Rhoades & Co. and Merrill Lynch, Pierce, Fenner & Smith Inc.) $30,000,000

Metallurgical Processing Corp. .... Common
(Netherlands Securities Co., Inc.) $300,000

Metropolitan Telecommunications Corp. .. Common
(Lee Co.) $299,799

Narda Microwave Corp. .... Common
(Milton D. Blauner & Co., Inc.) 50,000 shares

National Standard Electronics, Inc. ...... Common
(Palombi Securities Co.) $300,000

Oil Recovery Corp. .... Debentures
(Lehman Brothers) $550,000

Oil Recovery Corp. .... Common
(Lehman Brothers) 5,500 shares

Plastic Applicators, Inc. .... Debentures
(A. G. Edwards & Sons) $1,000,000

Porce-Alume, Inc. .... Common
(Pearson, Murphy & Co., Inc.) $300,000

Republic Resources & Development Corp. .... Com.
(John G. Cravin & Co Inc.) $12,500

Shelbourne Realty & Construction Corp. .. Common
(C. H. Brham & Co., Inc.; B. Fennekohl & Co. and Louis L. Rogers Co.) $297,000

Shell Electronics Manufacturing Corp. .. Common
(Schweickart & Co.) $340,000

Southwest Airmotive Co. .... Common
(Rauscher, Pierce & Co., Inc., and Dallas Rupe & Son, Inc. 200,000 shares

Town Enterprises, Inc. .... Common
(Johnston, Lemon & Co.) 200,000 shares

Urethane Corp. .... Stock
(Wilson, Johnson & Higgins and Evans, MacCormack & Co.) $858,500

Waltham Engineering & Research Associates .... Participations
(The First Republic Underwriters Corp.) $1,065,000

York Research .... Class A
(Whitmore, Bruce & Co.) $450,000

October 27 (Tuesday)

Florida Power & Light Co. .... Bonds
(Bids to be invited) $20,000,000

Interstate Fire & Casualty Co. .... Common
(White, Weld & Co., Inc.) 85,000 shares

Northern Natural Gas Co. .... Debentures
(Blyth & Co., Inc.) $25,000,000

Simon Hardware Co. .... Debentures
(J. S. Strauss & Co.; York & Co. and Mason Brothers) $800,000

Simon Hardware Co. .... Common
(J. S. Strauss & Co.; York & Co. and Mason Brothers) 80,000 shares

Waukesha Motor Co. .... Common
(Offering to stockholders—underwritten by Merrill Lynch, Pierce, Fenner & Smith Inc.) 100,000 shares

October 28 (Wednesday)

American Heritage Life Insurance Co. .... Common
(Merrill Lynch, Pierce, Fenner & Smith, Inc. and Pierce, Carrison, Wulbern, Inc.) 360,000 shares

Arizona Fertilizer & Chemical Co. .... Common
(Mitchum, Jones & Templeton and Walston & Co., Inc.) 100,000 shares

Commonwealth Edison Co. .... Common
(The First Boston Corp. and Glore, Forgan & Co.) 4,250 shares

Ennis Business Forms .... Common
(Kidder, Peabody & Co.) 217,490 shares

Frantz Manufacturing Co. .... Common
(Blair & Co., Inc.) 190,953 shares

Puget Sound Power & Light Co. .... Bonds
(Bids to be invited) $20,000,000

Ranney Refrigerator Co. .... Common
(Campbell, McCarty & Co., Inc.) $368,000

Therm-O-Disc, Inc. .... Common
(Goldman, Sachs & Co. and McDonald & Co.) 121,057 shares

October 29 (Thursday)

Central and South West Corp. .... Common
(Bids to be invited) 350,000 shares

Electronics Funding Corp. .... Common
(Darius Inc.) $150,000

Foster Grant Co., Inc. .... Common
(Goldman, Sachs & Co.) 190,000 shares

Wisconsin Public Service Co. .... Bonds
(Bids 11 a.m. EST) $8,000,000

October 30 (Friday)

E Con-O-Veyor Corp. .... Common
(Plymouth Securities Corp.) $150,000

Electro-Sonic Laboratories, Inc. .... Common
(L. D. Sherman & Co.) $500,000

Realsite .... Class A
(Robert L. Ferman & Co.) $600,000

November 2 (Monday)

American & Foreign Power Co., Inc. ...... Common
(Lazard Freres & Co. and The First Boston Corp.) 225,000 shares

Barton's Candy Corp. .... Common
(D. H. Blair & Co.) 175,000 shares

Giant Food, Inc. .... Common
(Auchincloss, Parker & Redpath and Kidder, Peabody & Co.) 200,000 shares

Oak Valley Sewerage Co. .... Bonds
(Bache & Co.) $145,000

Oak Valley Water Co. .... Bonds
(Bache & Co.) $125,000

Radio Frequency Co., Inc. .... Common
(Myron A. Lomasney & Co.) $300,000

Roundout Corp. .... Common
(Sandkuhl & Co., Inc. and S. B. Cantor Co.) $542,500

Servo Corp. of America .... Debentures
(Ira Haupt & Co.) $1,000,000

Washington Planning Corp. .... Common
(Heft, Kahn & Infante) $72,858

November 4 (Wednesday)

General Acceptance Corp. .... Debentures
(Paine, Webber, Jackson & Curtis and Eastman Dillon, Union Securities & Co.) $10,000,000

San Diego Gas & Electric Co. .... Common
(Offering to stockholders—underwritten by Blyth & Co., Inc.) 500,000 shares

November 6 (Friday)

Colorado Central Power Co. .... Common
(Offering to stockholders—underwritten by The First Boston Corp.) 66,490 shares

November 9 (Monday)

Electronics Development, Inc. .... Common
(First Broad Street Corp.) $404,106.50

Kayser-Roth Corp. .... Common
(Hemphill, Noyes & Co.) 375,000 shares

Pitney-Bowes, Inc. .... Common
(The First Boston Corp.) 200,000 shares

Rek-O-Kut Co., Inc. .... Common
(D. A. Lomasney & Co.) $749,000

November 12 (Thursday)

Baker Oil Tools, Inc. .... Common
(Lehman Brothers and Lester, Ryons & Co.) 550,000 shares

November 16 (Monday)

Atlantic City Electric Co. .... Common
(Eastman Dillon, Union Securities & Co. and Smith, Barney & Co.) 200,000 shares

Atlas Sewing Centers, Inc. .... Common
(Van Alstyne, Noel & Co.) 75,000 shares

Atlas Sewing Centers, Inc. .... Debentures
(Van Alstyne, Noel & Co.) $2,000,000

Dynex, Inc. .... Common
(Myron A. Lomasney & Co.) $300,000

Gibraltar Financial Corp. of California ... Common
(Kidder, Peabody & Co.) 325,000 shares

Micronaire Electro Medical Products Corp. ... Com.
(General Investing Corp.) 200,000 shares

Micronaire Electro Medical Products Corp. .... Wts.
(General Investing Corp.) 50,000 warrants

Reserve Insurance Co. .... Common
(A. G. Becker & Co., Inc.) 110,837 shares

(J. M.) Smucker Co. .... Common
(McDonald & Co.) 165,000 shares

November 18 (Wednesday))

Transwestern Pipeline Co. .... Debentures
(Lehman Brothers and Merrill Lynch, Pierce, Fenner & Smith, Inc.) $40,000,000

Transwestern Pipeline Co. .... Common
(Lehman Brothers and Merrill Lynch, Pierce, Fenner and Smith Inc. (2,000,000 shares

November 17 (Tuesday)

American Telephone & Telegraph Co. ...... Debens.
(Bids to be received) $250,000,000

November 24 (Tuesday)

Gulf States Utilities Co. .... Bonds
(Bids 11 a.m. EST) $16,000,000

November 20 (Friday)

Great Western Financial Corp. .... Debentures
(Offering to stockholders—underwritten by Lehman Brothers) $9,998,800

New York State Electric & Gas Corp. .... Common
(Offering to stockholders—underwritten by The First Boston Corp.) 467,247 shares

November 23 (Monday)

Scott & Fetzer Co. .... Common
(McDonald & Co. and Kidder, Peabody & Co.) 100,000 shares

December 1 (Tuesday)

Consolidated Edison Co. of New York, Inc. .. Bonds
(Bids to be invited) $50,000,000

Worcester County Electric Co. .... Bonds
(Bids to be invited) $7,500,000

December 8 (Tuesday)

Fall River Electric Light Co. .... Preferred
(Bids to be invited) $3,000,000

Louisiana Gas Service Co. .... Bonds
(Bids to be invited) $6,000,000

December 9 (Wednesday)

New England Power Co. .... Preferred
(Bids to be invited) 100,000 shares

Continued from page 37

writer—Van Alstyne, Noel & Co., New York. **Offering**—Expected any day.

• Campbell Chibougamau Mines Ltd.
Sept. 30 filed 350,000 shares of common stock ($1 Canadian par value), to be reserved for issuance upon the exercise of warrants issued by the company in 1953. These warrants entitle the holders thereof to purchase, on or before Dec. 1, 1960, upon payment of $4 per share, one share of stock for each warrant held. **Office** — 55 Yonge Street, Toronto, Canada.

Capital Shares, Inc.
Aug. 3 filed 500,000 "Life Insurance Fund" shares. **Price**—To be supplied by amendment. **Proceeds**—For investment in the securities of companies engaged directly or indirectly in the life insurance business. **Office**—15 William Street, New York. **Underwriter**—Capital Sponsors, Inc., New York. **Offering**—Expected in late October.

Carwin Co.
Oct. 2 filed 48,080 shares common stock (par $2), of which 46,080 shares are to be offered for subscription by common stockholders at the rate of one new share for each four shares held. The remaining 2,000 shares are being sold for the account of a selling stockholder. **Price**—To be supplied by amendment. **Proceeds**—For general corporate purposes including the repayment of outstanding bank loans in the amount of $425,000, the provision of funds for the 1959-60 construction program, and for working capital. **Office**—Stiles Lane, New Haven, Conn. **Underwriter**—Putnam & Co., Hartford, Conn. **Offering**—Expected early in November.

Central and South West Corp. (10/29)
Sept. 21 filed 350,000 shares of common stock (par $5). **Proceeds**—To prepay and discharge bank borrowings in the amount of $3,200,000, and to purchase during 1959-60 additional shares of common stock of Public Service Co. of Oklahoma, Southwestern Electric Power Co., and West Texas Utilities Co. **Office**—902 Market St., Wilmington, Del. **Underwriters**—To be determined by competitive bidding. Probable bidders: Blyth & Co., Inc., and Harriman Ripley &Co., Inc. (jointly); Lehman Brothers and Lazard Freres & Co. (jointly); The First Boston Corp. and Merrill Lynch, Pierce, Fenner & Smith Inc. (jointly). **Bids**—Tentatively expected to be received up to 10:30 a.m. (Chicago time) on Oct. 29.

• Chadbourn Gotham, Inc. (10/26-30)
Sept. 28 filed $2,000,000 of 6% conv. subord. debentures, due Oct. 1, 1974, with warrants to purchase 200,000 shares of common stock (par $1), to be offered for subscription by holders of its common stock at the rate of $100 of debentures, with an attached warrant to purchase 10 common shares for cash for each 100 common shares held on or about Oct. 15, 1959; rights to expire on or about Oct. 30. **Price**—To be supplied by amendment. **Proceeds**—For general corporate purposes, including working capital and the acquisition of shares of the outstanding common stock of Davenport Hosiery Mills, Inc., of Chattanooga, Tenn. **Office** — 2417 North Davidson St., Charlotte, N. C. **Underwriter**—R. S. Dickson & Co. Charlotte, N. C.

Charter Oak Life Insurance Co.
Sept. 28 (letter of notification) 116,064 shares of common stock (par $1) to be offered to present and future foundation policyholders of the company. **Price**—$2 per share. **Proceeds**—For surplus and working capital. **Office**—411 N. Central Avenue, Phoenix, Ariz. **Underwriter**—None.

China Telephone Co., South China, Maine
Aug. 7 (letter of notification) 2,000 shares of preferred stock to be offered for subscription by stockholders and the company's subscribers; unsubscribed shares to the public. **Price**—At par ($25 per share). **Proceeds**—To install a dial exchange at East Vassalboro, Maine; to construct a cable; to repay notes, etc. **Underwriter**—None.

Citizens' Acceptance Corp.
June 29 filed $600,000 of series F 6% five-year subordinated debentures, to be offered to the present holders of the company's subordinated debentures in exchange, at face value, on the maturity dates of those securities so long as there are bonds remaining unsold in this offering. No bonds will be reserved for this exchange offering. **Price**—100% of principal amount. **Proceeds**—To increase or maintain the working capital of the company but will be initially applied to the reduction of short-term notes due within one year. Part of the proceeds may also be used to retire outstanding subordinated debentures not exchanged. **Office**—Georgetown, Del. **Underwriter**—None.

★ Collins Radio Co.
Oct. 15 filed 115,740 shares of common stock, to be issued pursuant to the company's Stock Option Plan for Executives and Key Employees. **Office**—Cedar Rapids, Iowa.

★ Colorado Central Power Co. (11/6)
Oct. 16 filed 66,490 shares of common stock (par $2.50) to be offered for subscription by holders of outstanding stock of record Nov. 6, 1959, on the basis of one new share for each 10 shares then held; rights to expire on Nov. 30. **Price**—To be supplied by amendment. **Proceeds**—For construction. **Office**—3470 South Broadway, Englewood, Colorado. **Underwriter** — The First Boston Corp., New York.

Columbian Financial Development Co.
Aug. 14 filed $1,000,000 of Plans for Investment in Shares in American Industry, of which $500,000 was for Single Payment Investment Plans and $500,000 for Systematic Investment Plans and Systematic Investment Plans With Insurance. **Office**—15 East 40th Street, New York. **Underwriter** — None. **Offering** — Expected some time before Jan. 1, 1960.

Commerce Oil Refining Corp.
Dec. 16, 1957 filed $25,000,000 of first mortgage bonds due Sept. 1, 1968, $20,000,000 of subordinated debentures due Oct. 1, 1968 and 3,000,000 shares of common stock to be offered in uints as follows: $1,000 of bonds and 48 shares of stock and $100 of debentures and nine shares of stock. **Price**—To be supplied by amendment. **Proceeds** — To construct refinery. **Underwriter**—Lehman Brothers, New York. **Offering**—Indefinite.

• Commonwealth Edison Co. (10/28)
Oct. 9 filed 4,250 shares of common stock (par $25). **Price** — To be related, initially, to the current market price for the stock at the time of the offering. **Proceeds** To selling stockholders. **Office** — 72 West Adams St., Chicago, Ill. **Underwriters** — The First Boston Corp., and Glore, Forgan & Co., both of New York.

Conetta Manufacturing Co.
Sept. 28 filed 100,000 shares of class A common stock (par 10c). **Price**—$4 per share. **Proceeds**—For working capital; to prepay a bank note; and for machinery and equipment. **Office**—73 Sunnyside Avenue, Stamford, Conn. **Underwriter**—Vermilye Bros., New York.

Consolidated Development Corp.
Aug. 28 filed 448,000 shares of common stock, of which 198,000 shares are to be offered to holders of the issuing company's 6% convertible debentures, and 100,000 shares are to be offered to the underwriter, with the remaining 150,000 shares, in addition to those shares described above not subscribed for by the debenture holders and the underwriter, respectively, to be publicly offered. **Price** — For the shares to be offered to the debenture holders, 75 cents per share, which is equal to the price at which the debentures are convertible into common stock; for the shares to be offered to the underwriter, $1 per share; for the shares to be offered to the public, the price will be related to the current price of the outstanding shares on the American Stock Exchange at the time of the offering. **Proceeds** — For general corporate purposes. **Office**—Calle 23, No. 956, Vedado, Havana, Cuba. **Underwriter**—H. Kook & Co., Inc., New York.

Copymation, Inc. (formerly Peck & Harvey Mfg. Co.)
Sept. 23 (letter of notification) 100,000 shares of common stock (par 50 cents). **Price**—$3 per share. **Proceeds**—To pay bank loans and loans to stockholders and others and for working capital. **Office**—5642-50 North Western Avenue, Chicago 45, Ill. **Underwriter**—Simmons & Co., (handling the books) and Plymouth Securities Corp., both of New York, N. Y. **Offering**—Expected in late October.

Cordillera Mining Co., Grand Junction, Colo.
Aug. 31 filed 4,234,800 shares of capital stock, of which 2,179,800 shares are to be offered solely to the holders of previously-issued options. These shares, together with the remaining 2,055,000 shares, may be offered for public sale by the holders thereof in the over-the-counter market from time to time. **Price**—To be related to the market price at the time of sale. **Proceeds**—For general corporate purposes, including working capital. **Underwriter**—None.

Cornbelt Insurance Co., Freeport, Ill.
Sept. 29 filed 200,000 shares of common stock to be offered for subscription by common stockholders of record Sept. 15, 1959, at the rate of four new shares for each 10 shares then held. Unsubscribed shares may be offered publicly. **Price**—$4 per share. **Proceeds**—To increase capital and surplus. **Underwriter**—None, but brokers and dealers who join in the distribution will receive commission of 40 cents per share.

Cornbelt Life Co.
Sept. 29 filed 100,000 shares of common stock, to be offered to stockholders of record Sept. 15 on the basis of one share for each share then held. **Price**—$4.50 per share. **Proceeds**—To be credited to stated capital and paid-in surplus. **Office**—12 North Galena Avenue, Freeport, Ill. **Underwriter**—None.

Cracker Barrel Supermarkets, Inc.
Sept. 25 (letter of notification) 120,000 shares of common stock (par 10 cents). **Price**—$2.50 per share. **Proceeds**—For general corporate purposes. **Office**—84-16 Astoria Blvd., Queens, L. I., N. Y. **Underwriter**—Diran, Norman & Co., New York. **Offering**—Expected in early November.

Crescent Petroleum Corp., Tulsa, Okla.
May 26 filed 48,460 shares of 5% convertible pfd. stock ($25 par) and 12,559 shares of common ($1 par), 34,460 shares of the preferred and 9,059 shares of common are issuable upon the exercise of stock options granted when the assets of Norbute Corp. were acquired on Aug. 6, 1958. **Underwriter**—None.

Crusader Oil & Gas Corp., Pass Christian, Miss.
May 26 filed 1,500,000 shares of common stock, of which 641,613 shares will be offered on a one-for-one basis to stockholders of record May 15, 1959. The remaining 858,387 shares will be offered publicly by the underwriter on a "best efforts" basis. **Price**—To be supplied by amendment. **Proceeds**—For repayment of notes and for working capital. **Underwriter** — To be supplied by amendment.

Dayton Aviation Radio & Equipment Corp.
Sept. 28 filed 201,050 shares of common stock, of which 190,871 shares are to be offered to holders of outstanding stock as of the record date on the basis of one new share for each four shares then held. **Price**—$1.50 per share. **Proceeds**—To finance government contracts, reduce accounts payable, and increase working capital. **Office**—South Dixie Highway, Troy, Ohio.

★ Deluxe Aluminum Products, Inc.
Oct. 15 filed $330,000 of convertible debentures, and 70,000 shares of common stock. **Price**—For the debentures, 100% of principal amount; for the stock, $5 per share. **Proceeds**—From 10,000 shares of the common stock, to the present holders thereof; from the rest of the offering, to the company to be used for expansion and as working capital. **Office**—6810 S. W. 81st St., Miami, Fla.

Denab Laboratories, Inc.
July 31 filed 50,000 shares of common stock (par $2.50). **Price**—$10 per share. **Proceeds**—For general corporate purposes, including salaries, cars, promotion, inventory, the establishment of branch offices, expenses incidental to obtaining permission to do business in other states, and the establishment of a contingency reserve. **Office**—1420 East 18th Avenue, Denver, Colo. **Underwriter**—None.

★ Desert Star Mining Co.
Oct. 7 (letter of notification) 300,000 shares of common stock. **Price** — At par ($1 per share). **Proceeds** — For mining expenses. **Address**—P. O. Box 81, Kingman, Ariz. **Underwriter**—None.

• Digitronics Corp.
Sept. 25 filed 65,877 shares of capital stock (par 10 cents) to be offered to the holders of outstanding shares of such stock on the basis of one new share for each five shares held on or about Oct. 20; rights to expire on or about Nov. 5. **Price** — To be supplied by amendment. **Proceeds** — For general corporate purposes. **Office** — Albertson, L. I., N. Y. **Underwriter**—Granbery, Marache & Co., New York City. **Offering**—Expected in the middle part of November.

Dilberts Leasing & Development Corp.
June 11 filed $4,400,000 (subsequently reduced to $2,500,000) of 20-year convertible debentures, due July 15, 1979 and 1,056,000 shares (subsequently reduced to 600,000 shares) of common stock (par one cent) to be offered in units consisting of $50 principal amount of debentures and 12 shares of common stock. The debentures are guaranteed as to principal and interest by Dilbert's Quality Supermarkets Inc., the parent company. **Price** — $51.20 per unit. **Proceeds** — For repayment of notes; to develop and construct shopping centers and a super-market under existing purchase contracts and for working capital. **Name Changed** — Company formerly known as Dilbert's Properties, Inc. **Office**—93-02 151st Street, Jamaica, N. Y. **Underwriter**—Ira Haupt & Co., New York.

• DIT-MCO, Inc.
Sept. 8 filed 39,215 shares of common stock (no par value, $1 stated value). **Price**—$12.75 per share. **Proceeds**—For general corporate purposes, including working capital and the reduction of short-term bank borrowings. **Office**—911 Broadway, Kansas City, Mo. **Underwriters** — Midland Securities Co., Inc., and Barret, Fitch, North & Co., Inc., both of Kansas City, Mo. **Offering**—Expected today (Oct. 22).

Diversified Communities, Inc.
Sept. 25 filed 367,200 shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—For acquisition of Hope Homes, Inc., Browntown Water Co. and Cantor & Goldman Builders, Inc., with the balance to be used as working capital. **Office**—29A Sayre Woods Shopping Center, Madison Township, P. O. Parlin, N. J. **Underwriter**—Lee Higginson Corp., New York.

Dorsett Laboratories, Inc.
Oct. 2 (letter of notification) $160,000 of 10-year 6% convertible subordinated debentures. Debentures are convertible into common stock at $4 per share up to and including Nov. 1, 1962; thereafter at $8 per share up to and including Nov. 1, 1965 and thereafter at $12 per share. **Price**—At face amount. **Proceeds**—To reduce notes payable, to purchase facilities and equipment, and for working capital. **Office**—401 E. Boyd St., Norman, Okla. **Underwriter**—None.

Dow Chemical Co.
Sept. 3 filed 120,000 shares of common stock to be offered for sale to employees of company and certain of its subsidiary and associated companies. Subscriptions are being accepted from Oct. 12 through Oct. 30. **Price**—$68 per share. Statement effective Sept. 30.

Drake Associates
Aug. 20 filed $5,905,000 of limited partnership interests. **Price**—$10,000 for each of 590½ units. **Proceeds**—To buy the Hotel Drake, located at 56th St. and Park Ave., New York, from Webb & Knapp, Inc. **Office**—60 East 42nd St., New York. **Agents**—Domax Securities Corp., and Peter I. Feinberg Securities Corp., both of New York.

Drexelbrook Associates
May 22 filed $2,000,000 of partnership interests, to be offered in units. **Price**—$10,000 per unit. **Proceeds**—To be used for various acquisitions. **Office** — Broad & Chestnut Streets, Philadelphia, Pa. **Underwriter**—None.

★ Dyna Wash Corp.
Oct. 12 (letter of notification) $33,000 of 7% debentures due 1965 and 22,000 shares of common stock (par $1) to be offered in units consisting of one debenture and 50 shares of common stock. **Price**—$125 per unit. **Proceeds** — For general corporate purposes. **Office** — Camillus, N. Y. **Underwriter**—None.

Dynex, Inc. (11/16)
Aug. 6 filed 120,000 shares of common stock (par 25 cents). **Price**—$5 per share. **Proceeds**—For general corporate purposes, including product research, the purchase of new equipment, and expansion. **Office** — 123 Eileen Way, Syosset, L. I., N. Y. **Underwriter**—Myron A. Lomasney & Co., New York.

E. H. P. Corp.
Aug. 31 filed 160,000 shares of capital stock (par 10c), of which 100,000 shares are to be publicly offered. **Price**—$2.50 per share. **Proceeds** — To provide funds for the purchase of vending machines which will be used to distribute automobile breakdown insurance policies on thruways, parkways and highways in the amount of $25 of such breakdown insurance for the purchase price of

25 cents, and for a public relations and publicity program. **Office**—Hotel Troy Building, Troy, New York. **Underwriter**—John R. Boland & Co., Inc., New York. **Offering**—Expected during the next two months.

ESA Mutual Fund, Inc.
June 29 filed 2,000,000 shares of capital stock. **Price**—To be supplied by amendment. **Proceeds**—For investment. **Investment Adviser**—Yates, Heitner & Woods, St. Louis, Mo. **Underwriter**—ESA Distributors, Inc., Washington, D. C. **Office**—1028 Connecticut Avenue, N. W., Washington, D. C.

• **ECon-O-Veyor Corp. (10/30)**
Sept. 18 (letter of notification) 150,000 shares of common stock (par 10 cents). **Price**—$1 per share. **Proceeds**—For advertising and promotion; new equipment, and general corporate purposes. **Office**—224 Glen Cove Avenue, Glen Cove, N. Y. **Underwriter**—Plymouth Securities Corp., New York, N. Y.

Electronics Development, Inc. (11/9-13)
Sept. 25 filed 115,459 shares of common stock (par 10c). **Price**—$3.50 per share. **Proceeds**—For plant erection, advertising, research and development, and working capital. **Office** — Gill and West College Streets, State College, Pa. **Underwriter**—First Broad Street Corp., 50 Broad St., New York.

Electro-Sonic Laboratories, Inc. (10/30)
Aug. 14 (letter of notification) 100,000 shares of common stock (par 10 cents). **Price**—$3 per share. **Proceeds**—To retire outstanding bank loan; to increase inventories; for sales and promotional activities; to improve production facilities and to acquire new and improved tools and machinery; for development and research and for working capital. **Office** — 35—54 Thirty-sixth St., Long Island City, N. Y. **Underwriter**—L. D. Sherman & Co., New York, N. Y.

Electronic Communications, Inc.
Aug. 28 filed $5,000,000 of subordinated debentures, due Sept. 15, 1974 (with warrants for purchase of 20 shares of common stock for each $1,000 of debentures). **Price**—To be supplied by amendment. **Proceeds** — For general corporate purposes, including the repayment of outstanding indebtedness, the completion of construction, and the purchase of additional equipment. **Office**—1501 72nd St., North, St. Petersburg, Fla. **Underwriter**—Laird & Co., Corp., Wilmington, Del. **Offering** — Indefinitely postponed.

Electronics Funding Corp. (10/29)
Sept. 15 (letter of notification) 75,000 shares of common stock (par 10 cents). **Price**—$2 per share. **Proceeds**—To go to the company. **Office**—c/o Darius Inc., 90 Broad Street, New York, 4, N. Y. **Underwriter**—Darius Inc., New York, N. Y.

• **Enflo Corp.**
Sept. 30 filed 125,000 shares of common stock (par 10 cents). **Price**—$3 per share. **Proceeds**—For general corporate purposes. **Office**—Maple Shade, N. J. **Underwriters**—D. Gleich Co. & Aetna Securities Corp., both of New York. **Offering**—Expected sometime in November.

• **Ennis Business Forms, Inc. (10/28)**
Sept. 25 filed 217,490 shares of common stock (par $2.50) of which 45,000 shares are to be publicly offered for the account of the issuing company, 5,000 shares are to be offered by the company to its employees, and 167,490 shares, representing outstanding stock, are to be offered for the accounts of the present holders thereof. **Price**—To be supplied by amendment. **Proceeds**—For general corporate purposes, including expansion and the purchase of equipment. **Office**—214 West Knox St., Ennis, Texas. **Underwriter**—Kidder, Peabody & Co.

Equity Annuity Life Insurance Co.
April 21 filed $1,000,000 of Variable Annuity Policies. **Price**—No less than $120 a year for annual premium contracts and no less than $1,500 for single premium contracts. **Proceeds**—For investment, etc. **Office**—2480 16th Street, N. W., Washington, D. C. **Underwriter**—None.

Faradyne Electronics Corp.
Sept. 1 filed 230,000 shares of common stock (par five cents) of which 200,000 shares are to be publicly offered. **Price**—$5 per share. **Proceeds**—For general corporate purposes, including plant expansion, improvement and equipment. **Office** — 744 Broad St., Newark, N. J. **Underwriters** — Netherlands Securities Co., Inc. (handling the books) and Herbert Young & Co., Inc. (jointly); Morris Cohon & Co.; Schrijver & Co.; Richard Bruce & Co., Inc., all of New York. **Offering**—Expected in November.

Financial Industrial Income Fund, Inc.
July 22 filed 1,000,000 shares of common capital stock **Price**—At market. **Proceeds**—For investment. **Office**—650 Broadway, Denver, Colo. **General Distributor**—FIF Management Corp., Denver, Colo.

★ **Financial Planning Corp.**
Oct. 15 filed $10,000,000 of financial plans (three types) for the accumulation of shares of Incorporated Investors. **Office**—101 Park Avenue, New York City.

First Financial Corp. of the West (10/26-30)
Sept. 28 filed 120,000 shares of capital stock (without par value), of which 100,000 shares are to be offered for the account of the selling stockholders, and 20,000 shares will be sold for the company's account. **Price** — To be supplied by amendment. **Proceeds**—To prepay the remaining balance of and accrued interest on an outstanding term loan. **Underwriter**—William R. Staats & Co., Los Angeles and San Francisco, Calif.

First Northern-Olive Investment Co.
Aug 17 filed 20 partnership interests in the partnership. Similar filings were made on behalf of other Northern-Olive companies numbered "second" through "eighth." **Price**—$10,084 to $10,698 per unit. **Proceeds**—To purchase land in Arizona. **Office**—1802 North Central Ave., Phoenix, Ariz. **Underwriter**—O'Malley Securities Co., Phoenix.

First United Life Insurance Co.
Sept. 28 filed 158,236 shares of common stock, to be offered to common shareholders of record Oct. 15 at the rate of one new share for each four shares then held; rights to expire on or about Dec. 2. **Price**—$5 per share. For company reserves and expansion. **Office** — 475-79 Broadway, Gary, Ind. **Underwriter**—None.

• **Florida Power & Light Co. (10/27)**
Oct. 1 filed $20,000,000 of first mortgage bonds, series due Nov. 1, 1989. **Proceeds**—To help finance the company's construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Merrill Lynch, Pierce, Fenner & Smith Inc. and Kidder, Peabody & Co. (jointly); Blyth & Co., Inc., and Lehman Brothers (jointly); White, Weld & Co., and The First Boston Corp. **Bids**—Expected to be received u pto 11:30 a.m. (EST), Oct. 27, in Room 2033, 2 Rector St., New York City, N. Y.

Foster Grant Co., Inc. (10/29)
Sept. 25 filed 190,000 shares of common stock (par $1) of which 100,000 shares are to be sold for the account of the issuing company, and 90,000 shares are to be sold for the accounts of the present holders thereof. **Price**—To be supplied by amendment. **Proceeds** — To provide funds for construction. **Office**—Leominster, Mass. **Underwriter**—Goldman, Sachs & Co., New York.

• **Frantz Manufacturing Co. (10/28)**
Sept. 11 filed 190,953 outstanding shares of common stock, (par $1). **Price**—To be supplied by amendment. **Proceeds**—To selling stockholders. **Business**—Company is engaged in the design, development, production and distribution of builders' hardware, primarily overhead type garage door hardware. **Office**—301 West 3rd St., Sterling, Ill. **Underwriter**—Blair & Co., Inc., New York.

★ **Frontier Refining Co.**
Oct. 16 filed $6,000,000 of 6% convertible subordinated debentures. **Price**—At 100% of principal amount. **Proceeds**—To purchase the common stock of Western States Refining Co. **Office**—4040 E. Louisiana Avenue, Denver, Colo. **Underwriters**—J. A. Hogle & Co., Salt Lake City, Utah, and Garrett-Bromfield & Co., and Peters, Writer & Christensen, Inc., both of Denver, Colo. **Offering** — Expected in the middle of November.

Gateway Airlines, Inc.,
Aug. 31 filed 400,000 shares of common stock (par 10 cents). **Price**—$1.50 per share. **Proceeds** — For general corporate purposes, including the purchase of airplanes, spare parts, and equipment, the retirement of debt, and the increase of working capital. **Office** — MacArthur Field, Islip, L. I., N. Y **Underwriter**—Dunne & Co., New York. **Offering**—Expected any day.

General Acceptance Corp. (11/4)
Oct. 2 filed $10,000,00 of subordinated debentures due Nov. 1, 1974, with warrants for the purchase of common stock, to be offered in units consisting of a $1,000 debenture and one common stock purchase warrant. **Price**—To be supplied by amendment. **Proceeds**—For general corporate purposes. **Office** — 1105 Hamilton St., Allentown, Pa. **Underwriters**—Paine, Webber Jackson & Curtis, and Eastman Dillon, Union Securities & Co., both of New York.

General Finance Corp.
Sept. 11 filed 150,000 shares of common stock. **Price**—$3 per share. **Proceeds**—For working capital, with $15,000 being allocated for lease improvements and equipment and supplies. **Office** — Santurce, Puerto Rico. **Underwriter**—Caribbean Securities Co., Inc., Avenida Condado 609, Santurce, Puerto Rico.

General Flooring Co., Inc.
Sept. 14 filed $1,500,000 of 6½% debentures, due Oct. 1, 1969, and 270,000 shares of common stock, to be offered in units of $100 principal amount of debentures and 18 shares of common stock. **Price**—To be supplied by amendment. **Proceeds**—For general corporate purposes, including the reduction of indebtedness and the purchase and installation of machinery and equipment. **Address** — P. O. Box 8169, New Orleans, La. **Underwriters**—H. M. Byllesby & Co., Inc., Chicago, Ill.; Howard, Weil, Labouisse, Friedrichs and Co., New Orleans, La., and Mason-Hagan, Inc., Richmond, Va. **Offering**—Expected later in Oct.

General Underwriters Inc.
April 6 (letter of notification) 225,000 shares of common capital stock (par 25 cents). Of the total, 195,000 shares are to be offered for the account of the company and 30,000 shares for a selling stockholder. **Price**—$1 per share. **Proceeds**—For furniture inventory and improved merchandising methods, to finance the real estate department and insurance policy loans. **Office**—211-215 Pine St., Pine Bluff, Ark. **Underwriter**—Lovan Securities Co., Inc., Pine Bluff, Ark.

★ **Georgia-Pacific Corp.**
Oct. 16 filed interests in the Georgia-Pacific Stock Bonus Trust, including about $725,000 of the common stock of the issuing company, to be offered to about 950 employees of the issuing company and its subsidiaries. **Office**—Equitable Bldg., Portland, Ore.

Gertsch Products, Inc. (10/26-30)
Sept. 24 filed 107,143 shares of capital stock (without par value), of which 28,571 shares are being offered for the account of the company and 78,572 shares are to be offered for the accounts of certain selling stockholders. **Price**—To be supplied by amendment. **Proceeds** — For working capital. **Underwriter**—Schwabacher & Co., San Francisco and Los Angeles, Calif.

• **Giant Food Inc. (11/2-6)**
Oct. 13 filed 200,000 shares of class A common stock (non-voting) (par $1). **Price**—To be supplied by amendment. **Proceeds**—For general corporate purposes. **Office**—Landover, Md. **Underwriters** — Auchincloss, Parker & Redpath, Washington, D. C., and Kidder, Peabody & Co., New York.

Gibraltar Financial Corp. of California (11/16)
Oct. 19 filed 325,000 shares of outstanding capital stock. **Price** — To be supplied by amendment. **Proceeds** — To selling stockholders. **Office**—9111 Wilshire Blvd., Beverly Hills, Calif. **Underwriter**—Kidder, Peabody & Co., New York.

Gold Medal Packing Corp.
June 18 filed 572,500 shares of common stock (par one cent), and 50,000 common stock purchase warrants. Of the shares 400,000 will be sold for the account of the company; 110,000 by certain stockholders; 12,500 for the underwriter; and the remaining 50,000 shares are purchasable upon exercise of the warrants. **Price**—$1.25 per share. **Proceeds**—For repayment of debt; purchase of equipment and facilities and other general corporate purposes. **Office**—614 Broad St., Utica, N. Y. **Underwriter**—Mortimer B. Burnside & Co., New York. **Name Change** — Formerly Eastern Packing Corp. **Offering** — Expected in late November.

• **Gold Medal Studios, Inc.**
Sept. 18 filed 500,000 shares of common stock (par 10 cents). **Price**—$1 per share. **Proceeds**—For general corporate purposes, including the purchase of additional studio equipment, investing in properties in the entertainment field, and the provision of funds for a down payment on another building or buildings. **Office**—807 E. 175th Street, New York, N. Y. **Underwriter**—Arnold Malkan & Co., Inc., New York.

Great American Publications, Inc.
Aug. 11 filed 260,000 shares of common stock (par 10 cents) of which 195,000 shares are to be publicly offered on a best effects basis. **Price**—At market. **Proceeds** — For working capital. **Office** — New York. **Underwriter**—Mortimer B. Burnside & Co., Inc., New York. **Offering**—Expected in the latter part of November.

Great Lakes Bowling Corp.
Aug. 31 filed 120,000 shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—For general corporate purposes, including the development of bowling lanes, bars, and restaurants on various Michigan properties. **Office**—6336 Woodward Ave., Detroit, Mich. **Underwriter**—Straus, Blosser & McDowell, Chicago, Ill.

★ **Great Western Financial Corp. (11/20)**
Oct. 19 filed $9,998,800 of convertible subordinated debentures, due 1974, to be offered for subscription by common stockholders of record Nov. 20, 1959 (with a 14 day standby), on the basis of one new debenture for each 22 shares then held; rights to expire on or about Dec. 4. **Price**—To be supplied by amendment. **Proceeds**—For general corporate purposes, including the reduction of indebtedness. **Office** — 4401 Crenshaw Blvd., Calif. **Underwriter**—Lehman Brothers, New York.

Griffin Steel & Supply Co.
Sept. 22 (letter of notification) 50,000 shares of capital stock (no par). **Price** — $5.50 per share. **Proceeds** — For working capital. **Office**—625 Williams Street, Bakersfield, Calif. **Underwriter**—Bailey & Co., Fresno, Calif.

• **Growth Fund of America, Inc.**
Feb. 4 filed 250,000 shares of common stock (par 10 cents). **Price**—At market. **Proceeds**—For investment. **Office** — 1825 Connecticut Avenue, Washington, D. C. **Investment Advisor** — Investment Advisory Service, Washington, D C **Underwriter**—Investment Management Associates, Inc., Washington, D. C. The statement became effective July 24.

Guaranty Insurance Agency, Inc.
See, Mortgage Guaranty Insurance Corp., below.

Harnischfeger Corp.
Aug. 28 filed 200,000 shares of common stock (par $10). **Price**—To be related to the market price of outstanding shares on the American Stock Exchange at the time of the offering. **Proceeds** — In part to repay outstanding unsecured short-term bank loans, expected to approximate $4,000,000, with the balance to be used for general corporate purposes. **Office** — 4400 W. National Ave., Milwaukee, Wis. **Underwriter**—The First Boston Corp., New York. **Offering**—Indefinitely postponed due to market conditions.

Hawaiian Telephone Co.
Sept. 11 filed 287,321 shares of common stock (par $10), of which 261,201 shares were offered to holders of outstanding stock of record Sept. 18, 1959, on the basis of one new share for each seven shares then held, and 26,120 shares are being offered for subscription by employees. Any shares not subscribed for by employees will be offered to stockholders under an oversubscription privilege; rights will expire on Oct. 23. **Price** — $17.75 per share. **Proceeds**—To be applied toward the cost of the company's construction program, the payment of $5,300,000 of bank loans obtained for such program, and the refunding of debentures and preferred shares. **Office**—1130 Alakea Street. **Underwriter**—None.

Heliogen Products, Inc.
Oct. 22, 1958 (letter of notification) 28,800 shares of common stock (par $1). **Price**—$5 per share. **Proceeds**—For payment of past due accounts and loans and general working capital. **Office**—35-10 Astoria Blvd., L. I. C. 3, N. Y **Underwriter**—Albion Securities Co., 11 Broadway, New York 4, N. Y.

Hemisphere Gas & Oil Corp.
April 27 (letter of notification) 300,000 shares of common stock. **Price**—At par ($1 per share) **Proceeds**—For development of oil and gas properties **Office**—703

Continued on page 40

Continued from page 39

American Bank Building, Portland 5, Ore. **Underwriter** —D. Earle Hensley Co., Inc., 4444 California Avenue, Seattle, Wash.

Hickerson Bros. Truck Co., Inc.
March 11 (letter of notification) 285,000 shares of common stock. **Price**—At par ($1 per share). **Proceeds**—To pay existing liabilities; for additional equipment; and for working capital. **Office**—East Tenth Street, P. O. Box 68, Great Bend, Kan. **Underwriter**—Birkenmayer & Co., Denver, Colo.

● Hilton Hotels Corp. (10/26-30)
Sept. 29 filed $30,000,000 of subordinated sinking fund debentures due 1984, with warrants for purchase of 360,000 common shares. These securities will be offered in units consisting of a $1,000 debenture with a common stock purchase warrant. **Price** — To be supplied by amendment. **Proceeds**—For capital expenditures. **Office** —Chicago, Ill. **Underwriters**—Carl M. Loeb, Rhoades & Co., and Merrill Lynch, Pierce, Fenner & Smith Inc.

Hycon Manufacturing Co.
Aug. 28 filed 126,316 shares of common stock, which were issued to Avco Corp. on Dec. 8, 1958, at $2.375 per shares, and which will now be publicly offered by Avco. **Price**—To be related to the prices prevailing in the over-the-counter market at the time, or times, the stock is sold. **Office**—1030 South Arroyo Parkway, Pasadena, Calif. **Underwriters**—The offering will be made through registered brokers and dealers who are NASD members.

★ Hydromatics, Inc.
Oct. 20 filed 105,000 shares of common stock, of which 80,000 shares are to be offered for the account of the company, and 25,000 shares are to be offered for the accounts of the present holders thereof. **Price** — To be supplied by amendment. **Proceeds**—For working capital. **Office**—Livingston, N. J. **Underwriters**—Paine, Webber, Jackson & Curtis, and Tucker, Anthony & R. L. Day, both of New York.

I C Inc.
June 29 filed 600,000 shares of common stock (par $1). **Price**—$2.50 per share. **Proceeds**—To further the corporate purposes and in the preparation of the concentrate and enfranchising of bottlers, the local and national promotion and advertising of its beverages, and where necessary to make loans to such bottlers, etc. **Office**—704 Equitable Bldg., Denver, Colo. **Underwriters**— Purvis & Co. and Amos C. Sudler & Co., both of Denver Colo.

Indiana Gear Works, Inc.
Oct. 8 filed 100,000 shares of common stock (stated value $2) of which, 25,000 shares are to be offered to employees, and the remaining 75,000 shares are to be offered to the public. The public offering will include any shares not subscribed for by the employees. **Price**—To be supplied by amendment. **Proceeds**—To partially retire bank loans, which were used for acquisition of fixed assets and working capital. **Office**—1458 E. 19th St., Indianapolis, Ind. **Underwriter**—City Securities Corp., Indianapolis. **Offering**—Expected in five to six weeks.

● Industrial Leasing Corp.
June 1 (letter of notification) $200,000 subordinated convertible 6% debentures ($1,000 denomination) and $50,000 subordinated convertible 6% debentures ($500 denomination). **Price**—100% of principal amount. **Proceeds**—For working capital. **Office**—522 S. W. 5th Avenue, Portland 4. Ore. **Underwriter**—May & Co., Portland, Ore. Clearance date was June 9.

Inland Western Loan & Finance Corp.
Sept. 24 filed $1,000,000 of 6% capital debentures. **Price** —To be supplied by amendment. **Proceeds**—To discharge loans from banks and from the Commercial Life Insurance Co.; to furnish operating capital for subsidiaries; and to establish new subsidiaries or branches of already existing ones. **Office**—10202 North 19th Ave., Phoenix, Ariz. **Underwriter**—The underwriters, if any, will be named by amendment.

Insul-Cup Corp. of America
Sept. 18 (letter of notification) 300,000 shares of common stock (par one cent). **Price**—To be supplied by amendment. **Proceeds**—For general corporate purposes. **Office**—1938 Park Avenue, New York City, N. Y. **Underwriter**—The James Co., 12 E. 41st Street, New York.

Integrahd Corp.
Oct. 13 filed 85,000 shares of common stock. **Price**—$4 per share. **Proceeds**—For general corporate purposes, including the redemption of outstanding preferred stock and new plant equipment. **Office**—Westbury, L. I., N. Y. **Underwriter**—DiRoma, Alexik & Co., Springfield, Mass.

Intercontinental Motels, Ltd.
Oct. 7 filed 133,000 shares of common stock (par 10c). **Price**—$3 per share. **Proceeds**—To be added to working capital in order to enable company to exercise options on motels and/or parcels of land. **Office**—Martinsville, Va. **Underwriter** — G. Everett Parks & Co., Inc., 52 Broadway, New York City. **Offering**—Expected before the end of November.

Inter-Island Resorts, Ltd.
Sept. 10 filed 99,000 shares of common stock (par $3) to be offered first to stockholders on the basis of one new share for each four shares held of record Oct. 10, 1959; rights to expire on Nov. 30. **Price**—To be supplied by amendment. **Proceeds**—For construction of a new hotel at Kalapaki Bay, on the Island of Kauai. **Office**—305 Royal Hawaiian Avenue, Honolulu, Hawaii. **Underwriter** —None.

International Bank, Washington, D. C.
Dec. 29 filed $5,000,000 of notes (series B. $500,000, two-year, 3% per unit; series C, $1,000,000, four-year 4% per unit; and series D, $3,500,000, 6-year, 5% per unit). **Price** —100% of principal amount. **Proceeds** — For working capital. **Underwriter**—Johnston, Lemon & Co., Washington, D. C. **Offering**—Indefinitely postponed.

International Tuna Corp.
Aug. 11 (letter of notification) 175,000 shares of class A common stock (par 50 cents). **Price** — $1 per share. **Proceeds**—For equipment and working capital. **Office** —Pascagoula, Miss. **Underwriter**—Gates, Carter & Co. Gulfport, Miss.

Interstate Fire & Casualty Co. (10/27)
Sept. 17 filed 85,000 shares of common stock (par $5). **Price**—To be supplied by amendment. **Proceeds**—For expansion. **Office** — 501 Livingston Bldg., Bloomington, Ill. **Underwriter**—White, Weld & Co., Inc., New York.

Investment Trust for the Federal Bar Bldg.
Aug. 14 filed 500 Beneficial Trust Certificates in the Trust. **Price**—$2,600 per certificate. **Proceeds**—To supply the cash necessary to purchase the land at 1809-15 H St., N. W., Washington, D. C., and construct an office building thereon. **Office**—Washington, D. C. **Underwriters**—Hodgdon & Co. and Investors Service, Inc., both of Washington, D. C., and Swesnick & Blum Securities Corp.

Irando Oil & Exploration, Ltd.
April 24 filed 225,000 shares of common stock. **Price**—90 cents per share. **Proceeds**—To defray the costs of exploration and development of properties and for the acquisition of other properties; also for other corporate purposes. **Office**—1950 Broad St., Regina, Sask., Can. **Underwriter** — Laird & Rumball, Regina, Sask., Can.

Israel Development Corp.
Sept. 22 filed 200,000 shares of common stock (par $25). **Price**—$27.50 per share, payable in cash or State of Israel Independence Issue or Development Issue bonds. **Proceeds**—For general corporate purposes. **Office**—17 E. 71st Street, New York City. **Underwriter**—None.

★ Jantzen Inc.
Oct. 8 (letter of notification) 1,000 shares of common stock (par $1). **Price**—At the market. **Proceeds**—To pay fractional interests resulting from a stock dividend. **Office**—411 N. E. 19th Ave., Portland, Ore.

Jocelyn-Varn 1960 Oil Associates
Sept. 28 filed 100 units of oil and gas exploration agreements. **Price**—$20,000 per unit. **Proceeds**—For locating, developing, and administering oil and gas producing properties. **Office**—310 KFH Building, Wichita, Kan. **Underwriter**—None.

Kayser-Roth Corp. (11/9)
Oct. 5 filed 375,000 shares of outstanding common stock (par $1). **Price**—To be related to the market price on the N. Y. S. E. at the time the offering begins. **Proceeds** —To Harrison Factors Corp., the selling stockholder. **Office**—425 Fifth Ave., New York. **Underwriter**—Hemphill, Noyes & Co., New York.

Kentucky Central Life & Accident Insurance Co.
Aug. 28 filed 81,717 shares of common stock, of which Kentucky Finance Co., Inc. will offer its stockholders 51,000 shares. **Price**—Of 30,717 shares, $115 each; and of 51,000 shares, $116 each. **Proceeds**—To selling stockholders. **Office**—Anchorage, Ky. **Underwriter**—None.

Kilroy (W. S.) 1960 Co.
June 8 filed $3,500,000 of Participating Interests under Participant Agreements in the company's 1960 Oil and Gas Exploration Program, to be offered in amounts of $25,000 or more. **Proceeds**—Acquisition of undeveloped oil and gas properties. **Office**—2306 Bank of the Southwest Bldg., Houston Texas. **Underwriter**—None.

Kittanning Telephone Co., Kittanning, Pa.
Aug. 24 filed 14,000 shares of common stock, to be offered by subscription to holders of outstanding common stock on the basis of approximately 0.212 new shares for each share held. **Price**—$25 per share. **Proceeds**—In part to repay a bank loan in the amount of $450,000 representing funds acquired for general modernization, improvement, and expansion. **Underwriter**—None.

● Knox Glass, Inc.
Sept. 23 filed 200,000 shares of capital stock (par $6.25). **Price** — To be supplied by amendment. **Proceeds** — Together with funds to be received from a $2,000,000 bank loan and a $6,000,000 long-term loan from an institutional investor, will be applied in part to repayment of all of the company's outstanding indebtedness, and the balance of the proceeds will be used to provide machinery, equipment and working capital for a proposed new plant in the southeastern part of the United States, and for general corporate purposes. **Underwriter**—Smith, Barney & Co., New York. **Offering** — Expected today (Oct. 22).

Lenahan Aluminum Window Corp.
July 28 filed 157,494 shares of common stock (par 50c), to be offered initially to stockholders on the basis of one new share for each two shares owned (with a 15-day standby). **Price** — $4 per share to stockholders; $5 to public. **Proceeds**—For inventory and for working capital. **Office**—Jacksonville, Fla. **Underwriter**—Plymouth Bond & Share Corp., Miami, Fla.

Lenkurt Electric Co.
Aug. 31 filed 10,000 outstanding shares of class B common stock. **Price**—$83.31 per share. **Proceeds**—To selling stockholder. **Office** — 1105 County Road, San Carlos, Calif. **Underwriter**—None.

Life Insurance Co. of Florida
Sept. 28 filed 203,476 shares of common stock (par $1). **Price**—$4.50 per share. **Proceeds**—For expansion. **Office** —2546 S. W. 8th St., Miami, Fla. **Underwriter**—Plymouth Bond & Share Corp., Miami. **Offering**—Expected in November.

● Lindberg Steel Treating Co., Inc.
Oct. 12 filed all of their 85,035 outstanding shares of class A stock (par $5). **Price**—To be supplied by amendment. **Proceeds**—To selling stockholders. **Office**—Melrose Park, Ill. **Underwriter** — Cruttenden, Podesta & Co., Chicago, Ill. **Offering**—Expected in early November.

M. & S. Oils Ltd.
May 11 filed 390,000 shares of common stock. **Price**—60 cents per share. **Proceeds** — For exploration, development and acquisitions. **Office**—5 Cobbold Block, Saskatoon, Saskatchewan, Canada. **Underwriter** — Cumberland Securities Ltd., Regina, Saskatchewan, Canada.

● Madison Gas & Electric Co.
Sept. 15 filed 32,000 shares of common stock (par $16) being offered for subscription by the holders of outstanding common stock on the basis of one new share for each five shares held on Oct. 5; rights will expire on Oct. 21. **Price** — $47 per share. **Proceeds** — For general corporate purposes. **Office**—Madison, Wis. **Underwriter**—None.

Magnuson Properties, Inc.
June 29 filed 500,000 shares of class A common stock (amended on Aug. 24 to 150,000 shares of 6½% cumulative convertible preferred stock, par $10), and 150,000 shares of class A common stock, par $1, with common stock purchase warrants. Each share of class A common stock carries one warrant entitling the registered holder to purchase one share of such common stock at an initial price of $11 per share. **Price**—For preferred, at par; and for class A, $10.10 per share. **Proceeds**—$291,099 is to be expended during the period ending Aug. 31, 1960 for mortgage payments and releases; $465,000 will be paid on notes acquired by members of the Magnuson family in the transfers of subsidiaries and properties to the company; $106,000 will be used to close certain options and purchase contracts covering lands in the Melbourne-Cape Canaveral area; the balance will be added to the general funds of the company and used for general corporate purposes. **Office**—20 S. E. 3rd Ave., Miami, Fla. **Underwriter**—Blair & Co. Inc., New York. **Offering** —Expected this Fall.

★ Magyar Publishing Co., Inc.
Oct. 16 (letter of notification) 5,000 shares of common stock. **Price**—At par ($10 per share). **Proceeds**—For general corporate purposes. **Office**—216 W. 18th St., New York 11, N. Y. **Underwriter**—None.

★ Marine Corp., Milwaukee, Wis.
Oct. 19 filed $5,000,000 of convertible debentures, due Nov. 1, 1974. **Price**—To be supplied by amendment. **Proceeds**—For general corporate purposes, including the provision of funds to other banks now controlled by the issuing corporation. **Underwriter**—Robert W. Baird & Co., Inc., Milwaukee, Wis.

● Maul Bros., Inc.
Sept. 22 (letter of notification) 66,000 shares of common stock (par 25 cents). **Price**—to be supplied by amendment. **Proceeds**—For general corporate purposes. **Office** —Millville, N. J. **Underwriter**—Kidder, Peabody & Co., New York. These shares will be placed privately.

Mayfair Markets
Oct. 1 filed 301,177 shares of common stock (par $1), to be offered to holders of such stock on the basis of one new share for each five shares then held. **Price** — $10 per share. **Proceeds**—For general corporate purposes, including expansion and working capital. **Office**—4383 Bandini Boulevard, Los Angeles, Calif. **Underwriter**—None.

● Metallurgical Processing Corp., Westbury, N. Y. (10/26-30)
Aug. 6 (letter of notification) 100,000 shares of common stock (par 10 cents). **Price**—$3 per share. **Proceeds**—To retire debts; to acquire new equipment for processing metals and to expand its overall capacity; to move its facilities and new equipment into a new building and for further development and expansion. **Underwriter**—Netherlands Securities Co., Inc., New York, N. Y.

Metropolitan Telecommunications Corp. (10/26-30)
Sept. 28 (letter of notification) 99,933 shares of common stock (par 10 cents). **Price**—$3 per share. **Proceeds**— For working capital. **Office**—964 Dean St., Brooklyn, N. Y. **Underwriter**—Lee Co., New York, N. Y.

Microwave Electronics Corp.
July 2 filed $500,000 of 10-year 5% subordinated debentures due July 1, 1969 together with 250,000 shares of common stock (par 10 cents) to be offered in units of $10,000 principal amount of debentures and 5,000 common shares. An additional 138,000 shares may be issued in connection with the company's restricted stock option plan. **Price**—$10,500 per unit. **Proceeds**—To purchase machinery, equipment and other fixed assets, for operating expenses, and the remainder for working capital. **Office**—4061 Transport St., Palo Alto, Calif. **Underwriter** —None. **Financial Adviser**—Hill, Richards & Co., Inc., Los Angeles, Calif.

★ Micronaire Electro Medical Products Corp. (11/16-20)
Oct. 16 filed 200,000 shares of common stock (par 10 cents) and 50,000 one-year warrants for the purchase of such stock at $3 per share, to be offered in units of 100 shares of common stock and 25 warrants. **Price**—$275 per unit. **Proceeds**—For general corporate purposes, including the discharge of indebtedness, the expansion of sales efforts, and for working capital. **Office**—79 Madison Avenue, New York City. **Underwriter**—General Investing Corp., New York.

★ Montgomery Mortgage Investment Corp.
Oct. 16 filed $3,000,000 of second mortgage notes and accompanying repurchase agreements, to be offered in $3,000 units. **Price**—From $2,000 to $4,000 per unit. **Proceeds**—To purchase other second trust notes and to maintain a reserve for repurchase of notes under its repurchase agreements. **Office**—11236 Georgia Avenue, Silver Spring, Md. **Underwriter**—There is no underwriter as such, but Adrienne Investment Corp., an affiliate of the

issuing company, will act as sales agent, for which it will receive a selling commission of 7%.

Mortgage Guaranty Insurance Corp.
Sept. 23 filed 40,000 shares of common stock (par $10) in a joint registration with Guaranty Insurance Agency, Inc. which filed 10,000 shares of its own common stock (par $5). **Price**—$115 per unit of four shares of Mortgage common and one share of Guaranty common. **Proceeds**—Mortgage will use its proceeds fo rexpansion; Guaranty will use its proceeds for additional working capital. **Office**—(of both firms) 606 West Wisconsin Ave., Milwaukee, Wis.

Mortgages, Inc.
Sept. 30 (letter of notification) $130,000 of 7% 5-year subordinated debentures to be offered in denominations of $100. **Price**—At face amount. **Proceeds**—For working capital. **Office**—211 Mining Exchange Bldg., Colorado Springs, Colo. **Underwriter**—None.

Mutual Credit Corp.
Oct. 6 (letter of notification) $300,000 of 6½% convertible subordinated debentures, series A, due Oct. 1, 1969. Debentures are convertible at any time through Oct. 1, 1968 into class A non-voting common stock (par $5) at the rate of 100 shares of such stock for each $500 of debentures converted. **Price**—At face amount. **Proceeds**—For the general funds of the company. **Office**—c/o Raymond F. Wentworth, 6 Milk St., Dover, N. H. **Underwriter**—Eastern Investment Corp., Manchester, N. H.

● **Narda Microwave Corp. (10/26-30)**
June 16 filed 50,000 shares of common stock (par 10 cents) and 50,000 warrants to be offered in units, consisting of one share of common stock with attached warrant entitling the holder to purchase one additional share. The statement also includes an additional 10,000 shares of common stock reserved for issuance to key employees pursuant to options. Price—To be supplied by amendment. **Proceeds — To be used to retire bank loans. Underwriter—Milton D. Blauner & Co., Inc., New York.**

National Beverages, Inc.
Sept. 25 (letter of notification) 80,000 shares of common stock (par $1). **Price**—$2.50 per share. **Proceeds**—For building on company property, purchase of new vending machines and additional working capital. **Office**—1030 South Sixth West Street, Salt Lake City, Utah. **Underwriter**—Peters, Writer & Christensen, Denver, Colo.

National Citrus Corp.
April 20 (letter of notification) 150,000 shares of common stock. **Price**—At par ($2 per share). **Proceeds**—For new equipment, inventory and working capital. **Address**—P. O. Box 1658, Lakeland, Fla. **Underwriter**—R. F. Campeau Co., Inc., Detroit, Mich. Statement to be amended.

National Co., Inc.
Oct. 14 filed (by amendment)100,000 shares of common stock (par $1), of which 60,000 shares are to be offered for the account of the company and 40,000 shares are to be offered for the account of a selling stockholder, Louis C. Lerner. **Price**—To be supplied by amendment. **Proceeds** — The company expects to use $250,000 to retire without premium a portion of a term loan from Grace National Bank of New York, and the balance of the proceeds will be used to provide the additional working capital needed for realized and possible increases in sales volume. **Underwriter** — White, Weld & Co., Inc., New York. **Offering**—Expected today (Oct. 22).

National Industrial Minerals Ltd.
Aug. 4 filed 150,000 shares of common stock (no par). **Price** — $1 per share. **Proceeds** — To retire indebtedness for construction of plant and for other liabilities, and the remainder will be used for operating capital. **Office** — Regina, Saskatchewan, Canada. **Underwriter**—Laird & Rumball Ltd., Regina, Saskatchewan, Canada.

● **National Key Co., Cleveland, Ohio (10/23)**
Sept. 17 filed 200,000 shares of class A common stock (par 50 cents) of which 75,000 shares are to be sold for the account of the issuing company and 125,000 shares for the account of selling stockholders. **Price**—To be supplied by amendment. **Proceeds**—For general corporate purposes, including the purchase from Grant Ave. Realty Corp., at seller's cost, about 6.25 acres of Cleveland land, on which a building is being constructed which will house the issuing company's executive offices and Cleveland operations. **Underwriter**—C. E. Unterberg, Towbin Co., New York.

● **National Life & Casualty Insurance Co.**
March 25 filed 250,000 shares of common capital stock to be offered to holders of certain of company's life insurance policies issued on or prior to Dec. 31, 1955, and to certain employees. **Price**—$4.44 per share. **Proceeds** — To increase capital and surplus. **Office** — 2300 North Central Avenue, Phoenix, Ariz. **Underwriter**—None. Statement withdrawn Oct. 13.

National Munsey Co.
Sept. 28 filed 293 limited partnership interests. **Price**—$5,000 per unit. **Proceeds**—To purchase land and erect buildings thereon. **Office**—535 Fifth Avenue, New York City. **Underwriter**—Tenney Securities Corp.

★ **National Standard Electronics, Inc. (10/26-30)**
Sept. 25 (letter of notification) 300,000 shares of common stock (par 10 cents). **Price**—$1 per share. **Proceeds**—For general corporate purposes. **Underwriter**—Palombi Securities Co., Inc., New York City.

● **National Union Fire Insurance Co. (Pittsburgh), Pa.)**
Sept. 24 filed 200,000 shares of capital stock (par $5) being offered for subscription by stockholders of record Oct. 16, 1959, on the basis of one additional share of capital stock for each three shares then held; rights to expire on Nov. 16. **Price**—$36.50 per share. **Proceeds**—To increase capital and surplus. **Underwriter**—The First Boston Corp., New York.

★ **National Video Corp.**
Oct. 19 filed 283,307 shares of class A stock (par $1). Each certificate for class A shares will bear an endorsement evidencing an interest in a Trust which will hold all of the outstanding common stock of Rico Electronics, Inc., a Puerto Rican manufacturing company affiliated with National Video Corp. **Price** — To be supplied by amendment. **Proceeds**—To selling stockholders. **Office**—Chicago, Ill. **Underwriter** — Bache & Co., New York. **Offering**—Expected in the early part of November.

Nationwide Auto Leasing System, Inc.
July 16 (letter of notification) 142,500 shares of common stock (par 10 cents). **Price**—$2 per share. **Proceeds**—For financing of leased cars and for general corporate purposes. **Underwriter**—Investment Bankers of America, Inc., Washington, D. C.

★ **New York State Electric & Gas Corp.**
Oct. 21 filed 467,247 shares of common stock, (no par), to be offered to holders of outstanding common stock of record Nov. 20 on the basis of one new share for each 15 shares then held. The rights are scheduled to expire Dec. 7. **Price**—To be supplied by amendment. **Proceeds**—To discharge short-term obligations incurred for construction, with the balance to be applied to expenditures for construction. **Office**—Ithaca, N. Y. **Underwriter**—The First Boston Corp., New York.

North Carolina Telephone Co.
Sept. 4 filed 576,405 shares of common capital stock, to be offered for subscription by holders of outstanding stock in the ratio of two new shares for each five shares held. **Price**—$2 per share. **Proceeds**—To reduce indebtedness with the balance, if any, to be used as working capital. **Office**—Matthews, N. C. **Underwriter**—One or more security dealers will be offered any shares not subscribed for at $2 per share.

Northern Natural Gas Co. (10/27)
Oct. 9 filed $25,000,000 of sinking fund debentures, due Nov. 1, 1979. **Price** — To be supplied by amendment. **Proceeds** — For general corporate purposes, including costs of construction of the issuing company and its subsidiaries. **Office**—2223 Dodge St., Omaha, Neb. **Underwriter**—Blyth & Co., Inc., New York.

● **Northern Properties, Inc.**
Sept. 8 filed 150,000 shares of common stock (par $2.50). **Price**—$5 per share. **Proceeds**—To acquire and develop various properties in New York State. **Office**—Hartsdale, N. Y. **Underwriter**—Alkow & Co., Inc., New York; may withdraw as underwriter.

Nu-Line Industries, Inc.
Sept. 28 (letter of notification) $250,000 of 7% subordinated debentures due Oct. 1, 1969 with common stock purchase warrants entitling the holders of the warrants to purchase 25,000 shares of common stock (par 10 cents). **Price**—$1,020 per $1,000 debenture with warrant for purchase of 100 shares of common stock attached. **Proceeds**—For working capital. **Office**—Minneapolis, Minn. **Underwriter**—Woodard-Elwood & Co., Minneapolis, Minn.

● **Oak Valley Sewerage Co. (11/2-6)**
June 30 (letter of notification) $145,000 of 5½% first mortgage bonds series of 1958. Price—At par. Proceeds—To repay to Oak Valley, Inc. a portion of the cost of construction of sewerage collection and disposal system and to pay the costs and expenses of financing. Office—330 Main St., Mantua, N. J. Underwriter—Bache & Co., Philadelphia, Pa.

● **Oak Valley Water Co. (11/2-6)**
June 30 (letter of notification) $125,000 of 5½% first mortgage bonds series of 1958. Price—At par. Proceeds—To repay Oak Valley, Inc. a portion of the cost of construction of the water supply and distribution system; to pay the cost of a new 12 inch well to increase the company's supply of water; and to pay the costs and expenses of financing. Office—330 Main St., Mantua, N. J. Underwriter — Bache & Co., Philadelphia, Pa.

Oil, Gas & Minerals, Inc.
April 2 filed 260,000 shares of common stock (par 35 cents. Price—$2 per share. Proceeds—To retire bank loans and for investment purposes. Office—513 International Trade Mart, New Orleans, La. Underwriter—Assets Investment Co., Inc., New Orleans, La. The SEC had scheduled a hearing, to begin on Sept. 2, to determine whether a stop order should be issued suspending the offering.

● **Oil Recovery Corp. (10/26)**
Sept. 15 filed $550,000 of 6% convertible subordinated debentures, due 1974, and 5,500 shares of common stock, to be offered in units of $500 of debentures and 5 shares of stock. **Price**—To be supplied by amendment. **Proceeds** — For general corporate purposes, including the acquisition and development of properties for secondary oil recovery purposes. **Office**—405 Lexington Ave., New York City. **Underwriter**—Lehman Brothers, New York.

★ **Old Tucson Development Co.**
Oct. 13 (letter of notification) 65,000 shares of common stock (par $1) and $75,000 of 6% subordinated debentures to be offered at a discount. **Price**—Of 57,500 shares, $1 per share; of 7,500 shares, $2 per share; of debentures, $90 per debenture. **Proceeds**—For working capital. **Office**—Tucson, Ariz. **Underwriter**—None.

★ **Pacific Uranium Mines Co.**
Oct. 20 filed $3,000,000 of 6% secured notes, 675,000 common stock purchase warrants, and 675,000 shares of common stock. $1,600,000 of the notes and 360,000 warrants are to be offered to holders of $1,600,000 of outstanding notes. The remaining $1,400,000 of new notes and 315,000 warrants are to be offered to American Securities Corp., acting on behalf of their clients, for a total sum of $1,344,000 for the notes and $56,000 for the warrants.

Pan-Alaska Corp.
Aug. 7 filed 2,612,480 shares of common capital stock to be issued pursuant to options held by Marine Drilling, Inc. Latter company will, in turn, offer its stockholders rights to purchase two shares of Pan-Alaska common, at 20 cents a share, for each share of Marine Drilling stock. Marine Drilling also plans to sell 250,000 shares of the 680,000 shares of Pan-Alaska it now owns. **Underwriter**—Any stock not subscribed for by holders of Marine Drilling will be publicly offered by Crerie Co., Houston, Texas and Clark, Landstreet & Kirkpatrick, Inc., Nashville, Tenn., at a price of 20 cents a share.

Pantasote Co.
Aug. 28 filed $2,700,000 of 6% subordinated sinking fund debentures, due Oct. 15, 1974 (with warrants attached entitling the holder to purchase 50 shares of common stock of the issuing company for each $500 of debentures). **Price**—100% and accrued interest from Oct. 15. **Proceeds**—For construction, equipping, and placing in operation of a new plant, with the balance to be used for general corporate purposes. **Office**—26 Jefferson St., Passaic, N. J. **Underwriter** — Blair & Co., Inc., New York. **Offering**—Temporarily postponed.

Pathe News, Inc.
Sept. 17 filed 400,000 shares of common stock (par 10 cents) with warrants to purchase an additional 100,000 common shares at $3.25 per share. **Price** — $3.75 per share, with warrants. **Proceeds**—For general corporate purposes, including the addition of working capital, the reduction of indebtedness, and the provision of the $173,000 cash required upon the exercise of an option to purchase the building at 245-249 W. 55th St., New York. **Office**—245 W. 55th St., New York. **Underwriter**—Chauncey, Walden, Harris & Freed, Inc., New York. **Offering**—Expected in about 30 days.

★ **Peerless Mortgage Co.**
Oct. 12 (letter of notification) 500,000 shares of common stock (par 20 cents). **Price**—25 cents per share. **Proceeds**—For working capital and investment purposes. **Office**—870 Quari St., Aurora, Colo. **Underwriter**—None.

Petroleum Projects
Oct. 13 filed $1,500,000 of participations in oil and gas exploratory fund. **Price** — The minimum participation will cost $10,000. **Office**—Madison, N. J. **Underwriter**—Mineral Projects Co., Ltd.

● **Photo-Marker Corp.**
Sept. 14 (letter of notification) 50,000 shares of common stock (par 50 cents). **Price**—$5 per share. **Proceeds**—For acquisition of a coating plant; establishment of eight new branch offices; moving to larger quarters and further research. **Office**—153 W. 36th St., New York 18, N. Y. **Underwriters**—Marron, Edens, Sloss & Co., Inc., New York, N. Y., and First Albany Corp., Albany, N. Y. **Offering**—Expected any day.

Pik-Quik, Inc.
Sept. 17 filed 500,000 shares of common stock (par $1). **Price**—$3.50 per share. **Proceeds**—To place in operation 80 food markets in Florida, three of which will be located near West Palm Beach. These three have been leased from International Properties, Inc., a newly-formed Minneapolis real estate firm, for 15 years, with options to renew. **Office** — Baker Bldg., Minneapolis, Minn. **Underwriter** — Craig-Hallum, Inc., Minneapolis, Minn.

Pilgrim National Life Insurance Co. of America
Sept. 17 filed 100,000 shares of common stock (par $1), of which 55,000 shares are to be offered first to stockholders of record Aug. 31, 1959, and 45,000 shares (minimum) are to be offered to the public, which will also be offered any shares unsubscribed for by said stockholders. **Price**—$5 per share. **Proceeds** — For general corporate purposes, possibly including the enabling of the issuing company to make application for licenses to conduct its insurance business in States other than Illinois, the sole State in which it is presently licensed. **Office**—222 W. Adams St., Chicago, Ill. **Underwriter**—None.

★ **Pitney-Bowes, Inc (11/9-10)**
Oct. 13 filed 200,000 shares of common stock (par $2). **Price**—To be related to the New York Stock Exchange at time of offering. **Proceeds**—To retire short-term bank loans and for working capital. **Underwriter**—The First Boston Corp., New York.

★ **Principal Certificate Series, Inc.**
Oct. 16 filed $20,000,000 principal amount of five different series of its face-amount certificates. **Proceeds**—For investment. **Office**—460 Park Ave., New York.

● **Plastic Applicators, Inc. (10/26-30)**
Oct. 1 filed $1,000,000 of convertible subordinated sinking fund debentures, due 1969. **Price**—At 100% plus accrued interest since Oct. 1, 1959. **Proceeds** — For general corporate purposes. **Office**—7020 Katy Road, Houston, Texas. **Underwriter**—A. G. Edwards & Sons, St. Louis, Mo.

● **Porce-Alume, Inc. (10/26-30)**
Aug. 3 (letter of notification) 300,000 shares of common stock (par 10 cents). **Price**—$1 per share. **Proceeds**—For expansion. **Office**—Alliance, Ohio. **Underwriter**—Pearson, Murphy & Co., Inc., New York.

Producers Fire & Casualty Co., Mesa, Ariz.
March 31 filed 400,000 shares of common stock to be offered for subscription by holders of stock purchase rights acquired in connection with life insurance policies issued by Dependable Life Insurance Co. and to certain agents and brokers of Producers Fire & Casualty Co. Price—$5 per share. Proceeds—For working capital. Underwriter—None.

Continued on page 42

Continued from page 41

★ Puerto Rico Industries, Inc.
Oct. 15 filed 48,500 shares of class A common stock, 200,000 shares of class B common stock, and $388,000 of 6% subordinated debentures, due July 1, 1971. With the exception of 151,500 shares of class B common allocated to the organizers of the company at par, the securities are to be offered to the public in units of $4,000 of debentures, 500 class A shares, and 500 class B shares. **Price**—$5,000 per unit. **Proceeds**—For investment in the securities of its subsidiary, Puerto Rico Meat Packing Co., Inc., which will use the funds, estimated at $600,000, as operating capital. **Address**—P. O. Box No. 622, Little Rock, Ark. **Underwriter**—None.

Puget Sound Power & Light Co. (10/28)
Sept. 21 filed $20,000,000 of first mortgage bonds, series due Nov. 1, 1989. **Proceeds**—To repay outstanding bank loans, due Jan. 1, 1960, incurred to finance construction, which bank loans are expected to aggregate about $23,000,000 at the time of such sale. **Underwriter** — To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc., and Lehman Bros. (jointly); Merrill Lynch, Pierce, Fenner & Smith Inc.; Stone & Webster Securities Corp.; The First Boston Corp. and Smith, Barney & Co. (jointly). **Bids**—Expected to be received up to noon (EST) on Oct. 28, at 90 Broad St., 19th Floor, New York, N. Y.

Rad-O-Lite, Inc.
July 8 filed 300,000 shares of common stock (par 25¢). **Price** — $1.50 per share. **Proceeds** — For general corporate purposes. **Office**—1202 Myrtle St., Erie, Pa. **Underwriter**—John G. Cravin & Co., New York.

● Radiant Lamp & Electronics Corp.
Sept. 4 filed $250,000 of 6% ten-year subordinated convertible sinking fund debentures, series II, due Oct. 15, 1969, and 120,000 shares of class A stock (par 10 cents). **Price** — For debentures, 100% of principal amount; for stock, $5 per share. **Proceeds**—To acquire Radiant Lamp Corp., of Newark, N. J., with the balance to be used as working capital. **Office**—40 Washington Place, Kearney, N. J. **Underwriter**—Amos Treat & Co., Inc., New York. **Offering** — Expected sometime during the end of November.

Radiation Dynamics, Inc., Westbury, N. Y.
Sept. 8 filed 25,000 shares of common stock. The company proposes to offer to its stockholders the right to subscribe to 11,325 shares at $10 per share, with warrants to purchase an equal number of common shares at $12.50 per share, on the basis of one new share for each four shares held. Hayden Stone & Co. has agreed to purchase 2,500 shares for its own account and to use its best efforts to place 11,175 shares with certain selected investors at $10 per share, with warrants to purchase an equal number of shares at $12.50 per share. **Proceeds**—For working capital. **Office**—1800 Shames Drive, Westbury, L. I., N. Y. **Underwriter**—Hayden, Stone & Co., New York.

Radio Frequency Company, Inc. (11/2-6)
Aug. 12 (letter of notification) 100,000 shares of common stock (par $1). **Price**—$3 per share. **Proceeds**—For general corporate purposes. **Office** — Medfield, Mass. **Underwriter**—Myron A. Lomasney & Co., New York.

● Ranney Refrigerator Co. (10/28)
Oct. 8 filed 43,500 shares of common stock (par $2.50) of which 40,000 shares are to be offered for the account of the issuing company and 3,500 shares, representing outstanding stock, are to be offered for the accounts of the present holders thereof. **Price**—$8 per share. **Proceeds** — For expansion and working capital. **Office**—Greenville, Mich. **Underwriter** — Campbell, McCarty & Co., Inc., Detroit, Mich.

Raub Electronics Research Corp.
July 15 filed 165,000 shares of common stock (par $1), subsequently reduced by amendment to 115,500 shares, of which 100,000 shares will be offered to the public. **Price**—$8.50 per share. **Proceeds**—For general corporate purposes. **Office**—1029 Vermont Avenue, N. W., Washington, D.C. **Underwriter**—Weil & Co., Washington, D.C.

Raymond Service, Inc.
Sept. 3 (letter of notification) 300,000 shares of common stock (par 10 cents). **Price**—$1 per share. **Proceeds**—For machinery and equipment; retiring current indebtedness; a sales development program and working capital. **Office**—36-40 37th Street, Long Island City, L. I., N. Y. **Underwriter**—The James Co., New York, N. Y. **Offering**—Expected any day.

● Realsite, Inc. (10/30)
July 28 filed 200,000 shares of class A stock (par 10 cents. **Price**—$3 per share. **Proceeds**—To pay off mortgages and for working capital. **Office**—Jamaica, L. I., N. Y. **Underwriter**—Robert L. Ferman & Co., Miami, Fla., and Godfrey, Hamilton, Magnus & Co. Inc., New York.

● Rek-O-Kut Co., Inc. (11/9-13)
Sept. 25 filed 214,000 shares of common stock (par 25c), of which 142,666 shares are to be offered for account of the issuing company and 71,334 shares are to be offered for the accounts of the present holders thereof. **Price** — $3.50 per share. **Proceeds** — For general corporate purposes, including the repayment of indebtedness and for tooling and production. **Office**—38-19 108th St., Corona, L. I., N. Y. **Underwriter**—D. A. Lomasney & Co., New York.

● Republic Resources & Development Corp. (10/26-30)
June 29 filed 1,250,000 unit shares of capital stock (par one Philippine centavo). **Price**—$2 per unit of 200 shares. **Proceeds**—To be used in the company's oil exploration program for the purchase of oil exploration and drilling equipment, supplies and materials; to contract with U. S. geophysical contractors for technical services; and to pay its pro rata shares of the dollar exploration expenses under its agreement with three other companies for joint exploration of concessions held in the philippines. **Office**—410 Rosario St., Binondo, Manila, Philippines. **Underwriter**—John G. Cravin & Co., Inc., New York.

★ Reserve Insurance Co., Chicago, Ill. (11/16-20)
Oct. 20 filed 110,837 shares of capital stock, of which 62,676 are to be sold for the company's account and 48,161 shares are to be sold for the account of certain selling stockholders. **Price**—To be supplied by amendment. **Proceeds**—To be added to the general funds of the company to enable it to finance a larger volume of underwriting and to expand its area of operations. **Underwriter**—A. G. Becker & Co. Inc., Chicago, Ill.

● Ritter (P. J.) Co., Bridgeton, N. J.
June 18 filed 4,827 shares of preferred stock, non-cumulative, voting, (par $100) and 60,018 shares of common stock (no par) to be offered to the holders of preferred and common stock of Brooks Foods, Inc., at the rate of one share of Ritter preferred stock for each share of preferred stock of Brooks and two shares of common stock of Ritter for each share of common stock of Brooks. The exchange offer is being made by Ritter in accordance with its agreement with Brooks and certain of its stockholders who own an aggregate of 18,805 shares of its outstanding common stock, or approximately 62.5% of such stock, and who have agreed to accept the exchange offer upon effectiveness of the registration statement, July 31.

● Rochester Gas & Electric Corp.
Sept. 25 filed $12,000,000 of first mortgage bonds, series E, due 1989. **Proceeds**—For general corporate purposes, including the repayment of loans incurred to finance construction, which amounted to $10,950,000 at Sept. 21. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kidder, Peabody & Co., White, Weld & Co. and Shields & Co. (jointly); Salomon Bros. & Hutzler, Eastman Dillon, Union Securities & Co. and Equitable Securities Corp. (jointly); The First Boston Corp.; Blyth & Co., Inc. **Bids**—Expected to be received today (Oct. 22).

● Rondout Corp. (11/2-6)
Sept. 4 filed 155,000 shares of common stock, of which 140,000 shares are to be publicly offered. **Price**—$3.50 per share. **Proceeds**—To buy the capital stock of Rondout Paper Mills, Inc., and to purchase notes of said company, currently held by Arrowsmith Paper Corp., with the balance to be used for general corporate purposes, including working capital. **Office**—785 Park Ave., New York, the address of the corporation as given in the registration statement, is the home address of Leif B. Norstrand, President of the issuing company. Pursuant to the contemplated merger of Rondout Paper Mills, Inc. into Rondout Corp., it is anticipated that Rondout Corp., as the surviving company, will conduct its business from 41 E. 42nd St., New York, the present office of Rondout Paper Mills, Inc. **Underwriters** — Sandkuhl & Co., Inc., Newark, N. J.; and S. B. Cantor Co., New York.

Rosemount Engineering Co.
Oct. 2 (letter of notification) 22,609 shares of common stock (par 75 cents) of which 7,799 shares are to be offered to the employees of the company and the remainder to the public. **Price**—To employees, $12.83 per share; to the public, $13.50 per share. **Proceeds**—To pay outstanding bank loans and for working capital. **Office**—4900 W. 78th St., Minneapolis, Minn. **Underwriter**—White, Weld & Co., Minneapolis.

Roulette Records, Inc.
Aug. 27 filed 330,000 shares of common stock (one cent), of which 300,000 shares are to be publicly offered. **Price**—$3.50 per share. **Proceeds**—For general corporate purposes, including moving to new quarters and installing executive offices and sound studio facilities therein, acquiring technical equipment and machinery, and adding to working capital. **Office** — 659 10th Avenue, New York. **Underwriter**—Chauncey, Walden, Harris & Freed, Inc., 580 Fifth Avenue, New York. **Offering**—Expected in three or four weeks.

● St. Paul Ammonia Products, Inc.
Oct. 2 filed $1,249,849 of 10-year 6% convertible subordinated debentures, due Dec. 1, 1969, to be offered for subscription by common stockholders on the basis of $10 principal amount of debentures for each 10 shares held. **Price**—At 100% of principal amount. **Proceeds**—For inventory accumulation with the balance, estimated at $125,000, to be added to working capital. **Office**—South St. Paul, Minn. **Underwriter**—White, Weld & Co., New York. It is expected that the warrants will be mailed out about Nov. 6 and will expire about Nov. 23.

Samson Convertible Securities Fund, Inc.
July 15 filed 200,000 shares of common stock. **Price**—To be supplied by amendment. **Proceeds**—For investment. **Office**—23 Hazelton Circle, Briarcliff Manor, N. Y. **General Distributor**—Samson Associates, Inc. **Offering**—Expected in late October.

● San Diego Gas & Electric Co. (11/4)
Oct. 6, 1959 filed 500,000 shares of common stock (par $10) to be offered for subscription by common stockholders on the basis of one new share for each eight shares held of record Nov. 4; rights to expire Nov. 24. **Price**—To be supplied by amendment. **Proceeds**—To reimburse treasury funds of the company. **Office**—San Diego, Calif. **Underwriter**—Blyth & Co., Inc., New York and San Francisco.

★ Savage Boats, Inc., Reynoldsville, Pa.
Oct. 7 (letter of notification) 20,000 shares of class A 6% cumulative preferred stock (par $5) and 20,000 shares of class B common stock (par 20 cents) to be offered in units of five shares of class A preferred and five shares of class B common. **Price**—$37.50 per unit. **Proceeds**—For working capital. **Underwriter**—None.

Scaico Controls, Inc.
Sept. 23 (leter of notification) 240,000 shares of common stock (par 10 cents). **Price**—$1.25 per share. **Proceeds**—For research and development; increaese of plant facilities; sales and training program; sales promotion and for general corporate purposes. **Office**—P. O. Box 41, 450 Cooper St., Delanco, N. J. **Underwriter**—Albion Securities Co., Inc., 11 Broadway, New York 4, N. Y.

★ Scott & Fetzer Co. (11/23)
Oct. 15 filed 100,000 shares of outstanding common stock. **Price**—To be supplied by amendment. **Proceeds**—To two company officials, the selling stockholders. **Office**—1920 West 114th Street, Cleveland, O. **Underwriters**—McDonald & Co., Cleveland, and Kidder, Peabody & Co., New York.

Service Life Insurance Co.
Aug. 25 filed 25,000 outstanding shares of common stock (par $1). **Price** — $20 per share. **Proceeds** — To selling stockholder. **Office**—400 West Vickery Blvd., Fort Worth Texas. **Underwriter**—Kay and Company, Inc., Houston Texas.

● Servo Corp. of America (11/2-6)
Sept. 11 filed $1,000,000 of conv. subord. debens. due Oct. 1, 1974. **Price**—100% of principal amount. **Proceeds**—$300,000 for working capital; $300,000 for increased development and research, with particular attention to civilian products; $200,000 for plant relocation and consolidation at the Hicksville, N. Y., site and for expansion of equipment; $100,000 for sales promotion and related activities; and $100,000 for general corporate purposes. **Office**—20-20 Jericho Turnpike, New Hyde Park, L. I., N. Y. **Underwriter**—Ira Haupt & Co., New York.

● Sheaffer (W. A.) Pen Co.
Oct. 5 (letter of notification). An undetermined number of shares of class A common stock (par $1) and class B common stock (par $1) not to exceed $50,000. The shares may be purchased in blocks of not less than five by employees who have been with the company for at least five years. **Price**—At the most recent Midwest Stock Exchange quotation. **Proceeds** — For working capital. **Office** — 301 Avenue H, Fort Madison, Iowa. **Underwriter**—None.

Shelbourne Realty & Construction Corp. (10/26-30)
Sept. 17 (letter of notification) 148,500 shares of class A common stock (par 10 cents). **Price**—$2 per share. **Proceeds**—For working capital. **Office**—15 William St., New York 5, N. Y. **Underwriters**—C. H. Abraham & Co, Inc., B. Fennekohl & Co., and Louis L. Rogers Co., all of New York, N. Y. and Maryland Securities Co., Inc, Baltimore, Md.

Shell Electronics Mfg. Corp. (10/26-30)
Aug. 28 filed 170,000 shares of common stock (par 10 cents). **Price**—$2 per share. **Proceeds**—For general corporate purposes, including the repayment of indebtedness, the purchase of equipment, and for working capital. **Office** — 112 State St., Westbury, L. I., N. Y. **Underwriter**—Schweickart & Co., New York.

Shield Chemical Ltd.
Sept. 3 (letter of notification) 95,000 shares of capital stock (par 10 cents). **Price**—$1.50 per share. **Proceeds**—To purchase and install manufacturing equipment; control and test equipment; advertising and for working capital. **Office**—17 Jutland Road, Toronto, Canada. **Underwriter**—Peters, Writer & Christensen, Inc., Denver, Colorado.

● Simon Hardware Co. (10/27)
Sept. 14 filed $800,000 of 7% sinking fund subordinated debentures, due Sept. 30, 1971, and 80,000 shares of common stock (no par), to be offered in units of $1,000 principal amount of debentures and 100 shares of common stock, transferable only as units until March 31, 1960. The securities will also be offered in half-units of one $500 debenture and 50 shares of common stock. **Price**—To be supplied by amendment. **Proceeds**—To open one or more additional retail stores in Northern California, with the balance to be used for general corporate purposes. **Office** — 800 Broadway, Oakland, Calif. **Underwriters**—J. S. Strauss & Co., and York & Co., both of San Francisco, Calif., and Mason Brothers, Oakland, Calif.

Sire Plan of Tarrytown, Inc.
Sept. 15 filed (by amendment) $1,650,000 of securities, consisting of $825,000 of 7% debentures and $825,000 of $3.50 cumulative, non-callable, participating preferred stock (par $50) to be offered in units of one $50 debenture and one share of preferred stock. **Price**—$100 per unit; minimum sale is expected to be five units at $500. **Proceeds**—For general corporate purposes incidental to the acquisition of land and buildings in Tarrytown, N. Y., and for alterations and construction thereon. **Office**—115 Chambers St., New York City. **Underwriter** — Sire Plan Portfolios, Inc., 115 Chambers St., New York City.

Skaggs Leasing Corp.
June 4 (letter of notification) 240,000 shares of common stock (par $1). **Price**—$1.25 per share. **Proceeds**—For general corporate purposes. **Underwriter**—Harrison S. Brothers & Co., Salt Lake City, Utah.

(J. M.) Smucker Co. (11/16-20)
Oct. 12 filed 165,000 shares of outstanding common stock (no par). **Price**—To be supplied by amendment. **Proceeds**—To selling stockholders. **Office**—Orrville, Ohio. **Underwriter**—McDonald & Co., Cleveland, Ohio.

Sottile, Inc. (Formerly South Dade Farms, Inc.)
July 29 filed 2,000,000 shares of common stock (par $1), of which 1,543,000 shares are to be issued and sold for the account of the company, and 457,000 shares, representing outstanding stock, to be sold for the accounts

of certain selling stockholders. **Price**—To be supplied by amendment. **Proceeds**—To retire 70% of the common stock outstanding at the date of the stock offering; to invest in the capital stocks of six of the company's seven bank subsidiaries; to repay a bank loan of $6,400,000; to add to working capital; to retire certain long-term indebtedness; and to develop citrus groves. **Office**—250 South East First Street, Miami, Fla. **Underwriter**—Bear, Stearns & Co., New York. **Offering**—Indefinite.

● Southern Frontier Finance Co.
Aug. 11 filed 1,300,000 shares of common stock (par 50 cents). **Price**—$1 per share. **Proceeds**—For working capital and to be used for the purchase of receivables covering the installment financing of consumer products or other types of financing in which the company may engage. **Office** — 615 Hillsboro St., Raleigh, N. C. **Underwriter**—None, but the company officials, who are making the offering, may pay a 10% commission to dealers in connection with the sale of their shares. Statement effective Oct. 15.

● Southern Gulf Utilities, Inc.
Aug. 24 filed 135,000 shares of common stock (par 5c). **Price**—To be supplied by amendment. **Proceeds**—For general corporate purposes, including expansion. **Office**—7630 Biscayne Blvd., Miami, Fla. **Underwriter**—Jaffee, Leverton, Reiner Co., New York. **Offering**—Expected any day.

● Southwest Airmotive Co. (10/26-30)
Sept. 18 filed 200,000 shares of common stock (par $1), of which 100,000 shares are to be offered for the account of the issuing company, and 100,000 shares are to be offered for the accounts of the present holders thereof. **Price**—To be supplied by amendment. **Proceeds**—Together with other funds, will be used for general corporate purposes, including the addition of working capital, and the providing of funds for adding to jet-engine overhaul facilities, including the purchase of shop equipment and special tooling required for this purpose. **Office**—7515 Lemmon Ave., Dallas, Tex. **Underwriters** — Rauscher, Pierce & Co., Inc. and Dallas Rupe & Son, Inc., both of Dallas, Tex.

Span America Boat Co., Inc.
Sept. 9 (letter of notification) 175,000 shares of common stock (par 25 cents). **Price**—$1 per share. **Proceeds**—To purchase raw materials; for sales program and working capital. **Address**—Exposition Park, Fort Dodge, Iowa. **Underwriter** — R. A. Holman & Co., Inc., New York, New York.

Sports Arenas (Delaware) Inc.
Nov. 18 filed $2,000,000 of 6% 10-year convertible debentures (subordinated), due Jan. 1, 1969. **Price**—To be supplied by amendment. **Proceeds**—$750,000 to pay AMF Pinspotters, Inc. for bowling alley beds; $350,000 to pay for other installations, fixtures and equipment; $85,000 to expand two present establishments by increasing the number of alley beds by eight at Yorktown Heights and by six at Wilton Manor Lanes, Fort Lauderdale; $300,000 for deposits on leaseholds, telephones and utilities; and $395,000 for working capital. **Underwriter**—None. Stop-order proceedings instituted by SEC were terminated on Sept. 22, and a decision is pending.

Sports Arenas (Delaware) Inc.
Nov. 18 filed 461,950 shares of common stock (par one cent). **Price**—At the market (but in no event less than $6 per share). **Proceeds**—To selling stockholders. **Office**—33 Great Neck Road, Great Neck, N. Y. **Underwriter**—None. Stop order proceedings instituted by SEC.

● Standard Beryllium Corp. (10/26)
Sept. 3 (letter of notification) 150,000 shares of common stock (par one cent). **Price**—$1.50 per share. **Proceeds**—For working capital and general corporate purposes. **Office**—150 E. 43rd St., New York 17, N. Y. **Underwriter**—R. G. Williams & Co., Inc., New York, N. Y.

State Industries
Oct. 5 filed $500,000 of 6% convertible subordinated debentures, due Oct. 1, 1974. **Price**—At 100% of principal amount. **Proceeds**—For general corporate purposes, including the purchase and installation of a modern paint plant, and the purchase and installation of new tube mill equipment. **Office**—4019 Medford St., Los Angeles, Calif. **Underwriter**—John Keenan & Co., Inc., Los Angeles.

● Steak'n Shake, Inc. (11/15)
Aug. 24 filed 65,505 shares of common stock, to be offered by subscription by common stockholders of record Sept. 15, 1959, on the basis of one new share for each 9 shares then held. **Price**—$4.62½ per share to stockholders; unsubscribed shares will be publicly offered at $5 per share. **Proceeds**—For general corporate purposes, including the developing of three drive-in restaurants on company-owned building sites. **Office**—1700 West Washington St., Bloomington, Ill. **Underwriter**—White & Co., St. Louis, Mo.

Stelling Development Corp.
June 8 (letter of notification) 300,000 shares of common stock (par one cent). **Price**—$1 per share. **Proceeds**—For mortgages, land, paving roads, loans payable, advertising, etc. **Office**—305 Morgan St., Tampa 2, Fla. **Underwriter**—Stanford Corp., Washington, D. C.

Strategic Materials Corp.
June 29 filed 368,571 shares of common stock (par $1), to be offered for subscription by common stockholders at the rate of one new share for each five shares held. **Price**—To be supplied by amendment. **Proceeds**—For payment of bank loans; for payment of a note; for working capital; for expenditures by Strategic-Udy Metallurgical & Chemical Processes Ltd., which owns and operates a pilot plant at Niagara Falls, Ontario, and is a subsidiary of Stratmat Ltd., Strategic's principal subsidiary, and by its other direct subsidiary, Strategic-Udy Processes, Inc., which owns and operates a laboratory at Niagara Falls, N. Y.; as working capital for a mining subsidiary; for payment of a mortagage; and as working capital for another subsidiary. **Underwriters** — S. D. Lunt & Co., Buffalo, N. Y.; and Allen & Co., New York.

★ Superior Manufacturing & Instrument Corp.
Oct. 12 (letter of notification) 80,000 shares of common stock (par 50 cents). **Price**—$3 per share. **Proceeds**—For general corporate purposes. **Office**—154-01 Barclay Ave., Flushing 55, N. Y. **Underwriter**—D. A. Lomasney & Co., New York, N. Y.

★ Supermarket Service, Inc.
Oct. 14 (letter of notification) 9,000 shares of common stock (no par). **Price**—$11.50 per share. **Proceeds**—For working capital. **Office** — 103 E. Main St., Plainville, Conn. **Underwriter** — E. T. Andrews & Co., Hartford, Conn.

Sylvania Electric Products, Inc.
Sept. 1 filed $25,000,000 of sinking fund debentures, due Sept. 1, 1984. **Price** — To be supplied by amendment. **Proceeds**—To be applied to indebtedness. **Office**—730 Third Avenue, New York. **Underwriters**—Paine, Webber, Jackson & Curtis, and Halsey, Stuart & Co. Inc., both of New York. This offering has been deferred due to market conditions.

★ Taylor, Hawkins & Lea, Inc.
Oct. 8 (letter of notification) 21,275 shares of common stock (par one cent). **Price**—At the market price. **Proceeds**—For working capital. **Office**—8600 Prospect Ave., Philadelphia 18, Pa. **Underwriter**—None.

Tennessee Gas Transmission Co.
Aug. 21 filed 473,167 shares of common stock (par $5), being exchanged for common stock of East Tennessee Natural Gas Co. on the basis of one share of Tennessee Gas Common for 2.75 shares of East Tennessee common. This offer is subject to various conditions, one of which is that all of the 5.20% cumulative preferred stock ($25 par) of East Tennessee shall have been purchased or redeemed and cancelled. East Tennessee is presently negotiating for the sale of $5,800,000 of which 11-year 5¾% debentures, contingent upon the consummation of the exchange offer, $4,568,785 of the proceeds of which will be applied to the redemption of the 5.20% cumulative preferred stock. Exchange offer will expire on Nov. 16, 1959, unless otherwise extended. **Office**—Tennessee Bldg., Houston, Texas. **Dealer-Managers** — Stone & Webster Securities Corp., and White, Weld & Co., both of New York. Statement effective Oct. 1.

Tex-Tube, Inc.
Oct. 6 filed 150,000 shares of common stock, (par $1), of which 100,000 shares are to be offered for the account of the issuing company and 50,000 shares, representing outstanding stock, are to be offered for the account of the present holders thereof. **Price**—To be supplied by amendment. **Proceeds** — To discharge bank loans, for capital improvements, and to increase working funds. **Office**—1503 North Post Road, Houston, Texas. **Underwriter**—Moroney, Beissner & Co., Houston. **Offering**—Expected in early November.

Therm-O-Disc, Inc. (10/28)
Sept. 25 filed 121,057 shares of outstanding common stock (par $1). **Price**—To be supplied by amendment. **Proceeds** — To selling stockholders. **Office** — Route 13, Mansfield, O. **Underwriters**—Goldman, Sachs & Co., of New York, and McDonald &Co. of Cleveland, O.

★ Timeplan Finance Corp.
Oct. 8 (letter of notification) 28,570 shares of cumulative preferred stock (par $5) and 14,285 shares of common stock (par 10 cents) to be offered in units of one share of preferred and one-half share of common. **Price**—$10.50 per unit. **Proceeds**—For working capital. **Office**—111 E. Main St., Morristown, Tenn. **Underwriter**—Texas National Corp., San Antonio, Tex.

Tower's Marts, Inc.
Aug. 28 filed 300,000 shares of class A common stock (par 10 cents). **Price**—$3 per share. **Proceeds**—To reduce indebtedness by about $300,000, with the balance to be added to working capital of the company and its subsidiaries. **Office**—210 East Main Street, Rockville, Conn. **Underwriters**—To be supplied by amendment.

Town Enterprises, Inc. (10/26-30)
Sept. 30 filed 200,000 shares of class A common stock. (par 50 cents). **Price**—To be supplied by amendment. **Proceeds**—For expansion, and for the reduction of indebtedness. **Office**—902 Orange Street, Wilmington, Del. **Underwriter** — Johnston, Lemon & Co., Washington, D. C.

Transcon Petroleum & Development Corp., Mangum, Okla.
March 20 (letter of notification) 300,000 shares of common stock. **Price**—At par ($1 per share). **Proceeds**—For development of oil properties. **Underwriter**—First Investment Planning Co., Washington, D. C.

● Transportation Plan, Inc.
Oct. 7 filed $600,000 of 7% convertible subordinated debentures, due November, 1969, 60,000 shares of common stock (par one cent) and 30,000 common stock purchase warrants, to be offered in units consisting of $100 of debentures, 10 common shares, and 5 warrants. **Price**—$150 per unit. **Proceeds**—For general corporate purposes, including working capital. **Office**—120 Broadway, New York City. **Underwriter**—Ross, Lyon & Co., Inc., New York.

★ Transwestern Pipeline Co. (11/18)
Oct. 20 filed $40,000,000 of 5% subordinated debentures due 1969 and 2,000,000 shares of common stock (par $1), to be offered in units consisting of $100 principal amount of debentures and five shares of common stock. **Price**—To be supplied by amendment. **Proceeds**—Will be used as part of a total estimated financial requirement of $194,498,000 to construct and put into operation a pipeline system to supply natural gas to the customers of Pacific Lighting Company's subsidiaries. **Underwriters**—Lehman Brothers and Merrill Lynch, Pierce, Fenner & Smith Inc., both of New York.

Tri Metal Works, Inc.
Oct. 5 (letter of notification) 60,000 shares of 40 cents cumulative convertible preferred stock (par $1). **Price**—$5 per share. **Proceeds**—For general corporate purposes. **Office**—Bannard & Warrington Aves., East Riverton, N. J. **Underwriter**—R. L. Scheinman & Co., New York, N. Y.

1960 Trice Oil and Gas Co.
Oct. 2 filed $5,500,000 of participations in Programs 6001-4. **Price**—$5,000 per unit. **Proceeds**—For acquisition and development of undeveloped oil and gas properties. **Office**—Longview, Texas. **Underwriter**—None.

Trinity Small Business Investment Co.
April 17 filed 235,000 shares of capital stock (par $1). **Price** — $10.75 per share. **Proceeds** — For investment. **Office**—South Main Street, Greenville, S. C. **Underwriter**—To be supplied by amendment. Statement effective Sept. 25.

Tungsten Mountain Mining Co.
May 21 (letter of notification) $100,000 principal amount of 7% first mortgage convertible bonds, to be offered in denominations of $500 and $1,000 each. **Price**—100% of principal amount. **Proceeds**—For construction, installation of machinery and equipment and working capital. **Office**—511 Securities Building, Seattle 1, Wash. **Underwriter**—H. P. Pratt & Co., Seattle 4, Wash.

United Employees Insurance Co.
April 16 filed 2,000,000 shares of common stock (par $5). **Price** — $10 per share. **Proceeds** — For acquisition of operating properties, real and/or personal, including office furniture, fixtures, equipment and office space, by lease or purchase. **Office** — Wilmington, Del. **Underwriter**—None. Myrl L. McKee of Portland, Ore., is President.

● United States Fidelity & Guaranty Co.
Oct. 8 filed 910,743 shares of capital stock (par $5) to be offered to stockholders on the basis of one new share for each five shares held. It is expected that the warrants will be mailed out around Nov. 5 and that they will expire around Nov. 23. **Price**—To be supplied by amendment. **Proceeds**—To increase capital and surplus. **Underwriters**—Alex. Brown & Sons, Baker, Watts & Co., John C. Legg & Co. and Stein Bros. & Boyce, all of Baltimore, Md.

United Tourist Enterprises, Inc.
Jan. 28 filed 4,500,000 shares of class A common stock (par 50 cents). **Price** — $2 per share. **Proceeds** — For development and construction of a "Western Village" and for construction of a Grand Estes Hotel and Convention Hall, to be constructed in the immediate vicinity of Estes Park Chalet, located in Larimer County, Colo. **Office** — 330 South 39th Street, Boulder, Colo. **Underwriter**—Mid-West Securities Corp., Littleton, Colo. Statement effective Oct. 9.

Universal Container Corporation
Sept. 25 filed 167,500 shares of common stock (par 10 cents), of which 150,000 shares are to be publicly offered. **Price**—$4 per share. **Proceeds** — For general corporate purposes, including provision of funds for the purchase of the assets of a similarly engaged enterprise, working capital, new equipment, and expansion. **Office**—Louisville, Ky. **Underwriter**—Michael G. Kletz & Co., New York. **Offering**—Expected in early November.

Universal Finance Corp.
July 13 (letter of notification) 10,000 shares of common stock (par 15 cents). **Price**—$5 per share. **Proceeds**—For general operating funds. **Office**—700 Gibralter Life Bldg., Dallas, Tex. **Underwriter**—Texas National Corp., San Antonio, Tex.

● Urethane Corp. (10/26-11/1)
Sept. 25 filed 170,000 shares of class A capital stock (par $5) and 170,000 shares of common stock (par 5 cents), to be offered in units of one class A share and one common share. An additional 170,000 shares of common stock will be offered to the founders of the company and to the underwriters. **Price**—$5.05 per unit. **Proceeds**—For general corporate purposes, including the purchase of supplies, machinery, and equipment, and the leasing of a Los Angeles plant for manufacturing purposes. **Office**—235 Montgomery St., San Francisco, Calif. **Underwriters**—Wilson, Johnson & Higgins of San Francisco, and Evans, MacCormack & Co., of Los Angeles. Statement expected to become effective on or about Oct. 27.

Val Vista Investment Co., Phoenix, Ariz.
June 29 filed 80 investment contracts (partnership interests) to be offered in units. **Price**—$5,378.39 per unit. **Proceeds**—For investment. **Underwriter**—O'Malley Securities Co. Statement effective Aug. 11.

Variable Annuity Life Insurance Co. of America
April 21 filed $4,000,000 of Variable Annuity Policies. **Price**—No less than $120 a year for annual premium contracts and no less than $1,500 for single premium contracts. **Proceeds**—For investment, etc. **Office**—1832 M Street, N. W., Washington, D. C. **Underwriter**—None.

● Vernors Ginger Ale, Inc.
Sept. 15 filed $750,000 of 6½% sinking fund debentures, due Oct. 1, 1974, with common stock purchase warrants attached, and 282,760 shares of common stock (no par). **Price**—The debentures are to be offered at 100% of principal amount plus accrued interest. The price of the common shares will be $7 per share. **Proceeds**—From the sale of the debentures, to redeem preferred stock and for use as working capital; from the sale of the common stock, to the Estate of James Vernor, deceased, the selling stockholder. **Office**—4501 Woodward Avenue, Detroit, Mich. **Underwriters**—Baker, Simonds & Co., Inc., of Detroit, and Wm. J. Mericka & Co., Inc., of Cleveland, Ohio. **Offering**—Expected this week.

Continued on page 44

Continued from page 43

Victoria Raceway
May 25 filed 1,000,000 shares of common stock (par $2 in Canadian funds). **Price**—$4.50 per share. **Proceeds**—To construct and operate a racing plant; and for working capital and other corporate purposes. **Office**—Notre Dame Avenue at King Street, Winnipeg, Canada. **Underwriter**—Original underwriter has withdrawn.

● **Vita-Plus Beverage Co., Inc.**
Aug. 11 (letter of notification) 300,000 shares of common stock (par 10 cents). **Price**—$1 per share. **Proceeds**—For publicity, advertising, business promotion and initiation of a program of national distribution and for working capital. **Office**—373 Herzl St., Brooklyn, N. Y. **Underwriter**—Glen Arthur & Co., New York, N. Y.

Vulcan Materials Co., Inc.
June 29 filed 10,000 shares of 6¼% cumulative preferred stock and 560,000 shares of common stock, to be offered to the stockholders of Ralph E. Mills Co., Talbott Construction Corp. and Talco Constructors, Inc., in exchange for all the outstanding capital stock of these three corporations, and to the owner of Sherman Concrete Pipe Co., Chattanooga, Tenn., for the business and assets of that company. **Office**—Mountain Brook, Ala. Statement became effective on July 20.

● **Waltham Engineering and Research Associates (10/26-30)**
July 28 filed $1,065,000 of participations in partnership interests. **Proceeds**—To purchase land and buildings of Waltham Engineering and Research Center, Waltham, Mass., and for expenses connected to the purchase. **Office**—49 W. 32nd Street, New York 1, N. Y. **Underwriter**—The First Republic Underwriters Corp., same address.

Washington Mortgage and Development Co., Inc.
Sept. 29 filed 100,000 shares of common stock (par 10c) **Price**—$5 per share. **Proceeds**—For investment in mortgage notes secured by real estate. **Office**—1028 Connecticut Ave., N. W. Washington, D. C. **Underwriters**—American Diversified Mutual Securities, Inc. and Gildar & Co., both of Washington, D. C.

Washington Planning Corp. (11/2-6)
Oct. 1 (letter of notification) 24,286 shares of new class A stock (par 10 cents). **Price**—$3 per share. **Proceeds**—To go to the company. **Office**—52 Broadway, New York 4, N. Y. **Underwriter**—Heft, Kahn & Infante, Hempstead, N. Y.

★ **Waukesha Motor Co. (10/27)**
Oct. 1 filed approximately 100,000 shares of common stock, to be offered for subscription by common stockholders on the basis of one new share for each five shares held of record Oct. 27, 1959; rights to expire on Nov. 12. **Price**—To be supplied by amendment. **Proceeds**—To repay bank loans and for working capital. **Underwriter**—Merrill Lynch, Pierce, Fenner & Smith Inc., New York.

Wellington Electronics, Inc.
May 6 filed 240,000 shares of common stock (par 75 cents. **Price**—$6 per share. **Proceeds**—For repayment of a bank note; to complete the automation of the etched foil production plant at Englewood, N. J.; for manufacture of machines to be leased to capacitor manufacturers; and for working capital. **Office**—65 Honeck St., Englewood, N. J. **Underwriters**—Amos Treat & Co., Inc., and Truman, Wasserman & Co., both of New York. Statement effective July 8.

Western Wood Fiber Co.
March 5 filed 100,000 shares of common stock (par $10) and 40,000 shares of preferred stock (par $25). **Price**—At par. **Proceeds**—For construction and equipment of company's plant and for working capital. **Office**—300 Montgomery St., San Francisco, Calif. **Underwriter**—None.

West Florida Natural Gas Co.
Aug. 31 filed $837,200 of 7½% 30-year subordinated income debentures and warrants to purchase 25,116 shares of class A common stock ($1 par). **Price**—$100 per unit consisting of one $100 debenture and a warrant to purchase three shares of class A common stock. **Proceeds**—To be applied, together with moneys in the sinking fund of the issuing company, to the redemption of the outstanding 6% 20-year debenture bonds at their redemption price of 103% of their principal amount. **Office**—Maple and 3rd Streets, Panama City, Fla. **Underwriter**—Beil & Hough, Inc., St. Petersburg, Fla.

Western Heritage Life Insurance Co.
Aug. 26 filed 500,000 shares of common stock. **Price**—$2 per share. **Proceeds**—For general corporate purposes. **Office**—533 East McDowell Road, Phoenix, Ariz. **Underwriter**—None. Some of the shares may be sold by salesmen employed by the company, or by registered broker-dealers. A commission not to exceed 17%, or 34 cents per share, may be paid to sellers of such shares.

Western Reserve Life Assurance Co.
Oct. 6 filed 100,000 shares of common stock, to be offered for subscription by stockholders at the rate of one new share for each share held. **Price**—To be supplied by amendment. **Proceeds** — For working capital. **Office**—Cleveland, Ohio. **Underwriters**—McDonald & Co., and Ball, Burge & Kraus, both of Cleveland, Ohio.

★ **White Shield Corp., New York**
The corporation has filed 110,000 shares of common stock **Price**—To be supplied by amendment. **Proceeds**—For advertising and general funds. **Underwriter**—The shares are to be offered on an "all or none" basis by Adams & Peck, of New York, who will advise the issuing company before the close of business on the third full business day following the effective date of registration as to whether they will purchase the shares.

● **Wilson Brothers**
Aug. 31 filed 261,752 shares of common stock, to be exchanged for the common stock of Virginia Iron, Coal and Coke Co. on the basis of one share of Wilson common for five shares of Virginia common. **Office** — 180 Madison Ave., New York. Statement effective Oct. 8.

Wisconsin Michigan Power Co., Milwaukee, Wis.
Sept. 29 filed $3,000,000 of first mortgage bonds due 1989. **Proceeds**—To be used to retire short-term bank loans, to reimburse treasury, and for additions and improvements. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Merrill Lynch, Pierce, Fenner & Smith Inc. and Salomon Bros. & Hutzler (jointly); Kidder, Peabody & Co. and White, Weld & Co. (jointly).

● **Wisconsin Public Service Corp., (10/29)**
Oct. 1 filed $8,000,000 of first mortgage bonds, series due Nov. 1, 1989. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; White, Weld & Co.; Kidder, Peabody & Co.; The First Boston Corp.; Kuhn, Loeb & Co. and American Securities Corp. **Bids**—Expected to be received up to 10 a.m. (EST) on Oct. 29, at the company's Board Room, 21st Floor, 231 South LaSalle St., Chicago 4, Ill.

Wyoming Nuclear Corp.
Sept. 11 (letter of notification) 10,000,000 shares of common stock. **Price**—At par (three cents per share). **Proceeds**—For mining expenses. **Office**—Noble Hotel Bldg., Lander, Wyo. **Underwriter**—C. A. Benson & Co., Inc., Pittsburgh, Pa.

● **York Research Corp. (10/26-30)**
Aug. 10 filed 150,000 shares of class A stock (par $1). **Price**—$3 per share. **Proceeds** — For general corporate purposes, including the discharge of various indebtedness and the purchase and installation of new equipment; and for the establishment of a new testing laboratory **Office**—Stamford, Conn. **Underwriter**—Whitmore Bruce & Co., 29 Broadway, New York City.

Prospective Offerings

American Gypsum Co.
July 15 it was reported that the company will register debt and equity securities later this year. **Proceeds**—For construction of a gypsum products plant in Albuquerque, New Mexico, and for working capital. **Office**—Albuquerque, N. M. **Underwriters**—Jack M. Bass & Co., Nashville, Tenn., and Quinn & Co., Albuquerque, N. M

American Jet School, Inc., Lansing, Mich.
Aug. 31 it was announced that the corporation plans to issue and sell 100,000 shares of common stock (par $1). **Price**—$3 per share. **Proceeds**—For expansion of present Michigan and Ohio sales force to a national one, and introduction of new courses and resident study schools. **Business** — In correspondence school business. **Office**—1609 Kalamazoo St., Lansing, Mich. **Underwriter** — In New York to be named in early October. **Offering**—Planned for mid-October.

American Telephone & Telegraph Co. (11/17)
Aug. 19 the directors authorized a new issue of $250,000,000 of debentures. **Proceeds**—To be used for the improvement and expansion of Bell Telephone services. **Underwriters**—To be determined by competitive bidding. Probable bidders: The First Boston Corp. and Halsey, Stuart & Co. Inc. (jointly); Morgan Stanley & Co. and Kidder, Peabody & Co. (jointly). **Bids**—Expected to be received on Nov. 17.

Bell Telephone Co. of Pennsylvania
Sept. 25 it was announced that the company plans the sale of $30,000,000 of debentures dated Dec. 1, 1959. **Proceeds** — To replace short-term borrowings used to finance construction. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; The First Boston Corp.; Morgan Stanley & Co.; White, Weld & Co. and Eastman Dillon, Union Securities & Co. (jointly). **Bids**—Expected to be received on Dec. 15.

Benson Manufacturing Co., Kansas City, Mo.
June 10 it was announced that the company contemplates an offering of $4,500,000 of common stock. **Proceeds** — For expansion program and additional working capital. **Business**—The company is engaged in the manufacture of aircraft and missile parts, aluminum containers and beer barrels, aluminum curtain wall sections for the building industry and other proprietary products. **Underwriter**—S. D. Fuller & Co., New York. **Registration**—Expected sometime in October.

Bridgeport Gas Co.
Sept. 9 it was announced that stockholders will be asked on Oct. 27 to approve the issuance of about $1,100,000 in new common stock to stockholders in the ratio of one new share for each seven shares held. **Proceeds** — To reimburse the company's treasury for expansion and expenditures. **Underwriter**—Previous financing was arranged through Smith, Ramsey & Co., Inc., Bridgeport, Conn.

Brooklyn Union Gas Co.
Aug. 19 it was reported that the company is contemplating some additional equity financing, the form it will take will be decided on shortly. **Proceeds**—For construction program. **Offering**—Expected before the end of the year.

● **Buckingham Transportation, Inc. (10/26)**
July 17 the company sought ICC approval for the issuance of 250,000 shares of class A common stock (par $1). **Price** — $10 per share. **Underwriter** — Cruttenden, Podesta & Co., Chicago, Ill. **New Name**—The company's name will be changed to Buckingham Freight Lines.

Coffee House, Inc., Lansing, Mich.
Aug. 31 it was announced company plans to issue and sell 100,000 shares of common stock (par 10 cents). **Price**—$3 per share. **Proceeds** — To build chain of coffee houses, establish commissaries and for general corporate purposes. **Office** — 1500 Clifton Ave., Lansing, Mich. **Underwriter**—In New York to be named in early October. **Offering**—Planned for mid-October.

Consolidated Edison Co. of New York Inc. (12/1)
July 30 it was reported that the company plans the issuance and sale of $50,000,000 first and refunding mortgage bonds. **Proceeds** — For construction expenditures. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co.; The First Boston Corp. **Bids**—Expected to be received on Dec. 1.

Consolidated Natural Gas Co.
May 19, James Comerford, President, announced that company plans later in year to issue and sell $20,000,000 of debenture bonds, if market conditions are favorable. **Proceeds**—For investments, improvements, etc. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co. and The First Boston Corp. (jointly); White, Weld & Co. and Paine, Webber, Jackson & Curtis (jointly).

Cyprus Mines Corp.
July 15 it was reported that approximately 1,000,000 shares of a secondary issue common stock will be re... Fenner & Smith Inc., New York.

Dallas Power & Light Co.
Aug. 3 it was reported that the company contemplates the issuance and sale of about $20,000,000 of senior securities, but type or types has not as yet been determined. **Underwriter**—To be determined by competitive bidding. Probable bidders: (1) For bonds: Halsey, Stuart & Co. Inc.; The First Boston Corp.; Salomon Bros. & Hutzler; Kidder, Peabody & Co. and Merrill Lynch, Pierce, Fenner & Smith Inc. (jointly); Eastman Dillon, Union Securities & Co.; Blair & Co., Inc. and Baxter & Co. (jointly); Lehman Brothers. (2) For debentures: Halsey, Stuart & Co. Inc.; Kidder, Peabody & Co.; Blyth & Co., Inc. and Merrill Lynch, Pierce, Fenner & Smith Inc. (jointly); Salomon Bros. & Hutzler; Equitable Securities Corp.; Eastman Dillon, Union Securities & Co.; Lehman Brothers; Blair & Co. Inc.; The First Boston Corp. **Offering**—Expected sometime this Fall.

Duquesne Light Co.
Aug. 3 it was reported that the company is contemplating the issuance of an undetermined amount of subordinated convertible debentures. **Underwriter** — To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kuhn, Loeb & Co.; Eastman Dillon, Union Securities & Co.; A. C. Allyn & Co., Inc. and Ladenburg, Thalmann & Co. (jointly); White, Weld & Co.; The First Boston Corp. and Glore, Forgan & Co. (jointly); Blyth & Co., Inc.; Drexel & Co. and Equitable Securities Corp. (jointly). **Offering**—Expected later this year.

Fall River Electric Light Co. (12/8)
Oct. 15 it was reported that the company plans sale of 30,000 shares of preferred stock (par $100). **Underwriter**—To be determined by competitive bidding. Probable bidders: Stone & Webster Securities Corp.; Kidder, Peabody & Co. and White, Weld & Co. (jointly); Eastman Dillon, Union Securities & Co. **Bids**—Expected to be received on Dec. 8.

First National Bank of Miami, Fla.
Sept. 14 it was announced stockholders have approved a proposed offering to stockholders of 150,000 additional shares of capital stock (par $10) on the basis of one new share for each four shares held. **Price**—$40 per share. **Proceeds**—To increase capital and surplus. **Underwriter**—None.

Georgia-Pacific Corp.
Aug. 19 it was reported that the company plans to register about $10,000,000 of convertible preferred stock, conversion of which would add about 600,000 shares to the number of common shares currently outstanding. **Proceeds** — For expansion. **Office** — Olympia, Wash. **Underwriter**—Financing in past has been handled by Blyth & Co., Inc. **Offering**—Expected later this year.

Hawaiian Telephone Co.
Aug. 3 it was reported company received approval from the Territorial Public Utilities Commission to issue about $4,500,000 of new bonds. Last bond issues were placed privately.

Independent Radio, Inc., Lansing, Mich.
Aug. 31 it was announced company plans to issue and sell 100,000 shares of common stock (par 10 cents). **Price**—$3 per share. **Proceeds**—For acquisition of radio stations. **Business**—Radio broadcasting. **Office**—130 Shepard St., Lansing, Mich. **Underwriter**—In New York to be named in early October. **Offering**—Planned for mid-October.

Kansas City Power & Light Co.
Dec. 29 it was reported that the company plans to issue and sell $20,000,000 of first mortgage bonds. **Proceeds**—For construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; The First Boston Corp. and Blyth & Co., Inc. (jointly); Equitable Securities Corp.; White, Weld & Co. and Shields & Co. (jointly); Kuhn, Loeb & Co., Salomon Bros. & Hutzler and Eastman, Dillon, Union Securities & Co. (jointly); Lehman Brothers and Bear, Stearns & Co. (jointly). **Bids**—Expected later in the year, or early in 1960.

National Bellas Hess, Inc.
Oct. 1 it was reported that the company is considering the issuance and sale of approximately $5,000,000 of convertible subordinated debentures to be offered for subscription by present stockholders on the basis of $100 principal amount of debentures for each 50 shares held. Stockholders on Sept. 29 approved a proposal to increase the present 3,000,000 shares of common stock now authorized to 4,000,000 shares. **Proceeds**—For gen-

eral corporate purposes. **Underwriter** — Stern Brothers & Co., Kansas City, Mo.

National Mail Order Co., Lansing, Mich.
Oct. 5 it was announced company plans to register in a few days an issue of 100,000 shares of common stock (par 10c). **Price**—To Be supplied by amendment. **Proceeds**—For expansion and working capital. **Office**—130 Shepard St., Lansing, Mich. **Underwriter**—To be named later in New York State, within 30 days.

New England Telephone & Telegraph Co.
Aug. 19 it was reported that the company will issue and sell $10,000,000 of preferred stock. **Proceeds**—For capital expenditures. **Underwriter** — To be determined by competitive bidding. Probable bidders: Lehman Brothers; Merrill Lynch, Pierce, Fenner & Smith Inc. and Eastman, Dillon, Union Securities & Co. (jointly); Equitable Securities Corp., Kidder, Peabody & Co., Lee Higginson Corp. and White, Weld & Co. (jointly); Blyth & Co., Inc. **Bids**—Expected to be received sometime in December.

New England Power Co. (12/9)
Sept. 17 it was announced that this company plans to issue and sell 100,000 shares of cumulative preferred stock (par $100). **Underwriter**—To be determined by competitive bidding. Probable bidders: Lehman Brothers; Equitable Securities Corp.; Kidder, Peabody & Co.; Lee Higginson Corp., and White, Weld & Co. (jointly); Merrill Lynch, Pierce, Fenner & Smith Inc., and Eastman Dillon, Union Securities & Co. (jointly). **Bids**—Expected to be received on Dec. 9.

● New-Era Corporation, Rochester, Mich.
Sept. 1 it was reported that this company contemplates the early registration of approximately 200,000 shares of common stock. **Business**—Manufacturer of mufflers and gears. Underwriter—Mortimer B. Burnside & Co., Inc., New York. **Registration**—Expected shortly.

Piedmont Natural Gas Co., Inc.
Sept. 25 it was announced that this company contemplates the issuance of about $3,500,000 of convertible preferred stock later this Fall. The terms and exact timing of the offering have not as yet been set. **Proceeds**—To finance construction program. **Underwriter**—White, Weld & Co., New York.

Ryder System Inc.
Aug. 3 it was reported that the company plans issuance this Fall of an additional 75,000 shares of present common stock (par $5), or 150,000 shares of new common stock (par $2.50). The ICC has approved the proposed two-for-one stock split. **Underwriter**—Blyth & Co., Inc., New York.

Sams (Howard W.) & Co.
Sept. 21 it was reported that this company plans a common stock offering, part of which will be sold for the company's account and part of which will be sold for the account of certain selling stockholders. **Underwriter**—Indianapolis Bond & Share Corp., Indianapolis, Indiana.

South Carolina Electric & Gas Co.
June 22, S. C. McMeekin, President, announced plans to sell approximately $8,000,000 of bonds in December, 1959. **Proceeds**—To repay bank loans incurred for current construction program. Previous issues have been placed privately.

★ Southern Pacific Co.
Bids will be received by the company up to noon (EST) on Nov. 4 at Room 2117, 165 Broadway, New York 6, N. Y., for the purchase from it of $6,000,000 principal amount of equipment trust certificates, series No. 7, to mature in 15 equal annual instalments. Probable bidders: Halsey, Stuart & Co. Inc. and Salomon Bros. & Hutzler.

Tampa Electric Co.
Sept. 14 it was reported that the company is planning the sale of about $7,000,000 of additional common stock, probably in the form of a rights offering and a negotiated underwriting. Last rights offering was underwritten by Stone & Webster Securities Corp., New York.

★ Transcon Lines
Oct. 9 filed an application with the ICC seeking permission to issue 57,000 shares of common stock (par $2.50), of which 45,000 shares will be offered for the account of the company and 12,000 shares are to be offered for the account of a selling stockholder. **Price**—To be supplied by amendment. **Proceeds**—The proceeds in entirety will be used to reduce equipment obligations owing to the Bank of America National Trust & Savings Association. **Underwriter**—Dempsey-Tegeler & Co., St. Louis, Mo. **Offering**—Expected in about five weeks.

Transcontinental Gas Pipe Line Corp.
Sept. 29 it was announced that the company plans to come to market twice in 1960 with the sale of first mortgage bonds, and common and preferred stock. **Proceeds**—To raise permanent funds for the financing of its 1960 expansion program. **Office**—Houston, Texas.

Trav-ler Radio Corp.
Sept. 10 it was reported that the company is contemplating the issuance and sale of some additional common stock. **Underwriters**—Lee Higginson Corp., New York; and Straus, Blosser & McDowell, Chicago, Ill.

Universal Marion Corp.
Sept. 30 shareholders approved the issuance of 150,000 shares of new convertible preferred stock, of which an initial series of 43,200 shares will be issued in exchange for all the outstanding stock of five corporations owning 12,000 acres of land in Hillsborough County, Fla. The initial series will have a par value of $100 per share and a dividend rate of 4½% annually. The shares will be convertible into common stock starting two years after their date of issuance at an initial conversion price of $22 per share, with the conversion price to increase $1 per share per year thereafter. **Office**—Jacksonville, Fla.

Velvex Mid-City Parking Center
Sept. 22 it was reported that $1,015,000 of partnership participations will be registered in the immediate future with the Attorney General of the State of New York, for offering to New York State residents only. **Price**—$2,500 per unit. **Proceeds**—To purchase the property at 8th Avenue and 44th St., New York City. **Underwriter**—First Republic Underwriters, 49 W. 32nd St., New York 1, N. Y. **Offering**—Expected any day.

Worcester County Electric Co. (12/7)
Sept. 17 it was announced that this company plans to issue and sell $7,500,000 of first mortgage bonds, series E, due 1989. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kidder, Peabody & Co.; Blyth & Co., Inc., and White, Weld & Co. (jointly); Merrill Lynch, Pierce, Fenner & Smith Inc.; The First Boston Corp.; Coffin & Burr, Inc. **Bids**—Expected to be received on Dec. 7.

World Fidelity Life Insurance Co.
Aug. 17 it was reported that the company plans to use its best efforts to register 5,000,000 shares of common stock with the SEC. **Price**—$1 per share. **Office**—314 First National Bank Bldg., Colorado Springs, Colo.

● Yellow Transit Freight Lines, Inc.
Sept. 1 it was announced that subject to ICC approval, it is planned to offer 206,000 shares of common stock, of which, 100,000 shares will be for the company's account and the remaining 106,000 shares for the account of certain selling stockholders. **Proceeds**—For working capital. **Underwriter**—Blyth & Co., Inc., New York. **Offering**—Expected today (Oct. 22).

OUR REPORTER'S REPORT

The splendid reception accorded Southern Bell Telephone Co.'s $70 million of 5½%, 35-year debentures not only served as a tonic for the investment market generally, but demonstrated again that investors will buy if the price is right to their way of thinking.

Reoffered to yield a return of 5.35%, the big issue, though callable at any time, really carried the equivalent of a four-to-five year non-callable clause in the form of its redemption provisions.

Under such provisions the company would have to pay a premium of around six points, some calculated, to pick up any appreciable quantity of the issue within the next five years. This, they figured, is not likely unless there is a complete reversal of form in the basic money market.

Carrying top credit rating, the debentures attracted buyers from all over the country and like the Treasury's "Magic Fives," appeared to be real popular with individuals. Large-scale orders were not particularly numerous except from one large bank which acts for the Bell System's pension fund accounts.

Dealers reported a premium for the issue of around a point, sufficient to indicate that some participants in the distributing syndicate were finding it necessary to pick up some of the debentures against short positions they had created.

Helps Other Issues

The smart response to the Southern Bell offering, which really surprised some competent observers, breathed a bit of life into some other recent emissions.

Philadelphia Electric Co.'s 5s which were brought to market a week ago and found a trifle "rich" for investors' blood at the 4.93 yield basis fixed at the time, snapped back above par after having been down around 99 on Monday.

A number of other issues on which syndicates had been terminated also moved up from the low levels reached when they first were turned loose. Columbia Gas System 5⅜s, still in syndicate, also were helped.

The Week Ahead

The forthcoming week is not slated to be a record maker either in point of dollar volume or the number of new corporate offerings scheduled for marketing. But it will be considerably better than the recent average, at least from the standpoint of the number of prospects.

All told, it now looks as though a total of six moderate-sized offerings will find their way to the marketing stage for a total of more than $103 million. Largest of these is Hilton Hotels Corp.'s $30 million of debentures to be handled by negotiation.

Florida Power & Light has $20 million of bonds and Northern Natural Gas Co. $25 million of debentures, due up on Tuesday; Puget Sound Power & Light opens bids Wednesday for $20 million bonds, and on Thursday Wisconsin Public Service Co. looks at bids for $8 million of bonds.

Times Have Changed

Holders of money are demanding substantially greater rental for its use these days than they have been able to obtain in some 30-odd years. Southern Bell, for example, paid a record price, 5.42% for its latest funds.

And yesterday Western Massachusetts Electric Co. opened bids for $8 million 30-year, first mortgage bonds to find that conditions really have changed in the two years since it last came to market.

The best bid for its bonds this time was 100.53 for a 5⅜% coupon, with reoffering set to yield 5.25%. In the spring of 1957, it sold an issue of $12 million to carry a 4⅜% coupon and afford investors a yield of 4.29% at the time.

R. M. Woolfolk Vice-President of Wheeler, Woolfolk

NEW ORLEANS, La.—Wheeler & Woolfolk, Inc., Whitney Building, members of the New Orleans Stock Exchange, have announced the election as Vice-President of Robert M. Woolfolk, former senior partner of the firm of Woolfolk & Shober, which was dissolved at the death of Mr. Shober. The other officers of the firm are: M. B. Wheeler, President; J. W. Woolfolk, Jr., Vice - President-Treasurer; A. J. Maier, Vice-President-Secretary.

The firm was founded in 1905 by the late A. B. Wheeler, Jr., and J. W. Woolfolk, Sr.

Mutual Funds Corp. Opens

(Special to THE FINANCIAL CHRONICLE)

DAYTON, Ohio — Mutual Funds Investors Corp. has been formed with offices at 333 West First Street, to engage in a securities business. Officers are Robert E. Kuntz, President; Earl C. Oberlin, Chairman of the Board; Richard R. Alexander, Vice-President; and Thelma O. Ford, Secretary-Treasurer. Gaylord F. Kardatzke has also joined the firm's staff.

Forms Trulock & Co.

LITTLE ROCK, Ark.—Trulock & Company, Inc. has been formed with offices in the Pyramid Life Building, to engage in a securities business. Officers are Walter N. Trulock, III, President, and Dayton Covington, Secretary. Mr. Trulock was formerly President of First Securities Corp. Mr. Covington was with Van Grant & Co.

New Housing Bds. Publicly Offered

Public offering of $102,145,000 New Housing Authority 3¾% and 3⅞% bonds due serially 1960-2000 is being made by an underwriting group of 203 members managed by Lehman Brothers, Blyth & Co., Inc. and Phelps, Fenn & Co. in association with The First National City Bank of New York, and by The Chase Manhattan Bank and Bankers Trust Company.

The group bids for the bonds, being issued by 16 local housing agencies, represented an overall average net interest cost of 3.8640% to the agencies. The 16 agencies are located in 11 states, the District of Columbia and Puerto Rico.

The bonds are being offered in four price scales—Scale A 3¾% and Scales B, C, and D 3⅞%—at prices to yield 2.75% to a dollar price of 99 for the 3⅞% coupon.

Scale A applies to bonds of the Washington, D. C. agency and ranges in yield from 2.80% to a dollar price of 99 for 3¾s.

Scale B relates to bonds of agencies in Wilmington, Minneapolis, Kansas City, Cincinnati, Cleveland, Johnstown, Pa., Lawrence County, Pa., and Lynchburg, Va. and ranges in yields from 2.75% to a dollar price of 100 for 3⅞s.

Scale C applies to bonds of the New York City Agency and ranges in yield from 2.80% to a dollar price of 99½ for 3⅞s.

Scale D applies to bonds of agencies in Birmingham, Ala., Huntsville, Ala., Columbus, Miss., Hackensack, N. J., Johnson City, Tenn. and Puerto Rico and ranges in yield from 2.75% to a dollar price of 99 for 3⅞s.

The bonds being offered will be callable 15 years from their date at an initial redemption price of 104 and accrued interest; all housing bonds issued heretofore are callable 10 years from their date. Current offering is the 25th sale of New Housing Bonds and brings the total offered to $2,732,609,000 principal amount.

The bonds are secured by a first pledge of annual contributions unconditionally payable under a contract between the Public Housing Administration (PHA) and the local agency issuing the bonds. The faith of the United States is pledged to the payment of the annual contributions by the PHA. Interest on the bonds is exempt from Federal income taxes.

Other managers of the offering group are The First Boston Corp.; Goldman, Sachs & Co.; Shields & Co.; Smith, Barney & Co.; Harriman Ripley & Co., Inc.; and R. W. Pressprich & Co.

COMING EVENTS

IN INVESTMENT FIELD

Oct. 20-23, 1959 (Hollywood-by-the-Sea, Fla.)
National Association of Supervisors of State Banks annual convention at The Diplomat Hotel.

Oct. 22, 1959 (Cincinnati, Ohio)
Ohio Group of Investment Bankers Association annual fall meeting.

Oct. 25-28, 1959 (Miami Beach, Fla.)
American Bankers Association Annual Convention.

Oct. 30-31, 1959 (St. Louis, Mo.)
National Association of Investment Clubs annual convention at the Sheraton Jefferson Hotel.

Nov. 1-5, 1959 (Boca Raton, Fla.)
National Security Traders Association Annual Convention of the Boca Raton Club.

Nov. 14, 1959 (Philadelphia, Pa.)
Investment Traders Association of Philadelphia 7th Annual Dinner Dance at Germantown Cricket Club.

Indications of Current Business Activity

The following statistical tabulations cover production and other figures for the latest week or month available. Dates shown in first column are either for the week or month ended on that date, or, in cases of quotations, are as of that date.

		Latest Week	Previous Week	Month Ago	Year Ago
AMERICAN IRON AND STEEL INSTITUTE:					
Indicated Steel operations (per cent capacity)	Oct. 24	§13.1	*13.0	12.8	75.1
Equivalent to—					
Steel ingots and castings (net tons)	Oct. 24	§371,000	*268,000	362,000	2,026,000
AMERICAN PETROLEUM INSTITUTE:					
Crude oil and condensate output—daily average (bbls. of 42 gallons each)	Oct. 9	6,812,225	6,824,775	6,812,975	6,873,785
Crude runs to stills—daily average (bbls.)	Oct. 9	¶7,688,000	7,618,000	8,181,000	7,723,000
Gasoline output (bbls.)	Oct. 9	27,625,000	28,544,000	29,490,000	27,636,000
Kerosene output (bbls.)	Oct. 9	1,971,000	2,100,000	2,180,000	2,262,000
Distillate fuel oil output (bbls.)	Oct. 9	12,612,000	12,635,000	11,938,000	12,292,000
Residual fuel oil output (bbls.)	Oct. 9	5,537,000	5,825,000	6,098,000	6,613,000
Stocks at refineries, bulk terminals, in transit, in pipe line					
Finished and unfinished gasoline (bbls.) at	Oct. 9	177,613,000	175,857,000	183,491,000	172,914,000
Kerosene (bbls.) at	Oct. 9	32,814,000	32,231,000	32,787,000	31,364,000
Distillate fuel oil (bbls.) at	Oct. 9	177,670,000	174,169,000	168,578,000	158,742,000
Residual fuel oil (bbls.) at	Oct. 9	59,040,000	59,524,000	58,778,000	68,996,000
ASSOCIATION OF AMERICAN RAILROADS:					
Revenue freight loaded (number of cars)	Oct. 10	558,780	572,502	480,647	686,521
Revenue freight received from connections (no. of cars)	Oct. 10	519,257	528,977	449,424	569,599
CIVIL ENGINEERING CONSTRUCTION — ENGINEERING NEWS-RECORD:					
Total U. S. construction	Oct. 15	$264,300,000	$241,500,000	$298,500,000	$248,110,000
Private construction	Oct. 15	145,400,000	141,900,000	172,600,000	112,155,000
Public construction	Oct. 15	118,900,000	99,600,000	125,900,000	135,955,000
State and municipal	Oct. 15	110,600,000	85,300,000	102,100,000	119,197,000
Federal	Oct. 15	8,300,000	14,300,000	23,800,000	16,758,000
COAL OUTPUT (U. S. BUREAU OF MINES):					
Bituminous coal and lignite (tons)	Oct. 10	7,715,000	7,600,000	6,400,000	8,971,000
Pennsylvania anthracite (tons)	Oct. 10	376,000	433,000	329,000	450,000
DEPARTMENT STORE SALES INDEX—FEDERAL RESERVE SYSTEM—1947-49 AVERAGE = 100	Oct. 10	151	143	132	147
EDISON ELECTRIC INSTITUTE:					
Electric output (in 000 kwh.)	Oct. 17	12,861,000	13,086,000	12,779,000	12,048,000
FAILURES (COMMERCIAL AND INDUSTRIAL) — DUN & BRADSTREET, INC.	Oct. 15	252	274	264	288
IRON AGE COMPOSITE PRICES:					
Finished steel (per lb.)	Oct. 13	6.196c	6.196c	6.196c	6.196c
Pig iron (per gross ton)	Oct. 13	$66.41	$66.41	$66.41	$66.41
Scrap steel (per gross ton)	Oct. 13	$44.50	$43.50	$41.50	$42.50
METAL PRICES (E. & M. J. QUOTATIONS):					
Electrolytic copper—					
Domestic refinery at	Oct. 14	32.425c	32.550c	30.975c	27.125c
Export refinery at	Oct. 14	28.125c	28.125c	28.050c	28.825c
Lead (New York) at	Oct. 14	13.000c	13.000c	13.000c	12.500c
Lead (St. Louis) at	Oct. 14	12.800c	12.800c	12.800c	12.300c
‡Zinc (delivered) at	Oct. 14	12.500c	12.500c	11.500c	11.500c
Zinc (East St. Louis) at	Oct. 14	12.000c	12.000c	11.000c	11.000c
Aluminum (primary pig. 99.5%) at	Oct. 14	24.700c	24.700c	24.700c	24.700c
Straits tin (New York) at	Oct. 14	102.375c	103.125c	102.250c	95.875c
MOODY'S BOND PRICES DAILY AVERAGES:					
U. S. Government Bonds	Oct. 20	83.29	82.38	80.90	87.96
Average corporate	Oct. 20	84.04	83.91	84.43	90.06
Aaa	Oct. 20	87.99	87.86	88.27	94.71
Aa	Oct. 20	85.46	85.46	85.98	93.08
A	Oct. 20	84.04	83.66	83.91	89.64
Baa	Oct. 20	78.90	78.90	79.84	83.40
Railroad Group	Oct. 20	82.77	82.77	83.79	88.13
Public Utilities Group	Oct. 20	83.03	82.65	83.40	89.51
Industrials Group	Oct. 20	86.11	86.24	85.98	92.64
MOODY'S BOND YIELD DAILY AVERAGES:					
U. S. Government Bonds	Oct. 20	4.19	4.29	4.45	3.62
Average corporate	Oct. 20	4.86	4.87	4.83	4.41
Aaa	Oct. 20	4.56	4.57	4.54	4.09
Aa	Oct. 20	4.75	4.75	4.71	4.20
A	Oct. 20	4.86	4.89	4.87	4.44
Baa	Oct. 20	5.28	5.28	5.20	4.91
Railroad Group	Oct. 20	4.96	4.96	4.88	4.55
Public Utilities Group	Oct. 20	4.94	4.97	4.91	4.45
Industrials Group	Oct. 20	4.70	4.69	4.71	4.2
MOODY'S COMMODITY INDEX	Oct. 20	379.7	379.1	382.5	389.7
NATIONAL PAPERBOARD ASSOCIATION:					
Orders received (tons)	Oct. 10	376,005	363,714	264,056	296,458
Production (tons)	Oct. 10	331,221	331,401	250,491	308,795
Percentage of activity	Oct. 10	98	97	76	95
Unfilled orders (tons) at end of period	Oct. 10	570,331	532,006	567,295	466,878
OIL, PAINT AND DRUG REPORTER PRICE INDEX—1949 AVERAGE = 100	Oct. 16	111.09	110.81	109.23	108.69
ROUND-LOT TRANSACTIONS FOR ACCOUNT OF MEMBERS, EXCEPT ODD-LOT DEALERS AND SPECIALISTS					
Transactions of specialists in stocks in which registered—					
Total purchases	Sept. 25	2,419,910	1,762,943	1,679,460	2,469,55
Short sales	Sept. 25	387,090	242,740	278,270	493,15
Other sales	Sept. 25	2,241,510	1,594,118	1,402,740	1,913,47
Total sales	Sept. 25	2,628,600	1,836,858	1,681,010	2,406,620
Other transactions initiated off the floor—					
Total purchases	Sept. 25	506,040	332,410	237,040	675,880
Short sales	Sept. 25	56,400	27,300	10,300	64,000
Other sales	Sept. 25	577,000	337,440	202,000	622,190
Total sales	Sept. 25	633,400	404,740	212,300	686,190
Other transactions initiated on the floor—					
Total purchases	Sept. 25	769,645	560,651	531,104	786,759
Short sales	Sept. 25	179,900	135,220	78,870	129,770
Other sales	Sept. 25	853,743	742,595	643,880	875,004
Total sales	Sept. 25	1,033,643	877,815	722,750	1,004,774
Total round-lot transactions for account of members—					
Total purchases	Sept. 25	3,695,595	2,656,004	2,447,604	3,932,189
Short sales	Sept. 25	623,390	405,260	367,440	686,920
Other sales	Sept. 25	3,672,253	2,714,153	2,248,620	3,410,664
Total sales	Sept. 25	4,295,643	3,119,413	2,616,060	[illegible]
STOCK TRANSACTIONS FOR ODD-LOT ACCOUNT OF ODD-LOT DEALERS AND SPECIALISTS ON N. Y. STOCK EXCHANGE — SECURITIES EXCHANGE COMMISSION					
Odd-lot sales by dealers (customers' purchases)—†					
Number of shares	Sept. 25	2,124,622	1,629,386	1,288,581	1,530,617
Dollar value	Sept. 25	$111,853,527	$81,101,534	$65,946,288	$72,642,126
Odd-lot purchases by dealers (customers' sales)—					
Number of orders—Customers' total sales	Sept. 25	1,382,595	1,127,969	1,118,526	1,624,85
Customers' short sales	Sept. 25	36,759	21,127	8,818	6,252
Customers' other sales	Sept. 25	1,345,836	1,106,842	1,109,708	1,618,602
Dollar value	Sept. 25	$70,450,752	$55,411,752	$56,122,308	$75,586,968
Round-lot sales by dealers—					
Number of shares—Total sales	Sept. 25	288,080	255,420	304,290	543,880
Short sales	Sept. 25	------	------	------	------
Other sales	Sept. 25	288,080	255,420	304,290	543,880
Round-lot purchases by dealers— Number of shares	Sept. 25	1,029,770	733,870	499,150	445,170
TOTAL ROUND-LOT STOCK SALES ON THE N. Y. STOCK EXCHANGE AND ROUND-LOT STOCK TRANSACTIONS FOR ACCOUNT OF MEMBERS (SHARES):					
Total round-lot sales—					
Short sales	Sept. 25	891,680	570,320	448,020	858,740
Other sales	Sept. 25	15,615,360	12,186,320	10,446,460	18,799,540
Total sales	Sept. 25	16,507,040	12,756,640	10,894,480	19,658,280
WHOLESALE PRICES, NEW SERIES — U. S. DEPT. OF LABOR — (1947-49 = 100):					
Commodity Group—					
All commodities	Oct. 13	119.1	*119.2	119.6	118.8
Farm products	Oct. 13	86.2	*86.8	88.9	92.1
Processed foods	Oct. 13	106.0	106.2	107.8	110.1
Meats	Oct. 13	95.7	95.9	100.8	104.9
All commodities other than farm and foods	Oct. 13	128.5	*128.5	128.3	126.1

*Revised figure. ¶Includes 1,026,000 barrels of foreign crude runs. §Based on new annual capacity of 147,633,670 tons as of Jan. 1, 1959, as against Jan. 1, 1958 basis of 140,742,570 tons. †Number of orders not reported since introduction of Monthly Investment Plan. ‡Prime Western Zinc sold on delivered basis at centers where freight from East St. Louis exceeds one-half cent a pound.

	Latest Month	Previous Month	Year Ago
ALUMINUM (BUREAU OF MINES):			
Production of primary aluminum in the U. S. (in short tons)—Month of July	179,194	167,323	118,541
Stocks of aluminum (short tons) end of July	80,419	88,612	152,554
AMERICAN ZINC INSTITUTE, INC.—Month of September:			
Slab zinc smelter output all grades (tons of 2,000 pounds)	62,202	69,768	63,705
Shipments (tons of 2,000 pounds)	60,781	58,918	77,118
Stocks at end of period (tons)	193,036	192,019	238,116
BANKERS' DOLLAR ACCEPTANCES OUTSTANDING — FEDERAL RESERVE BANK OF NEW YORK—As of Sept. 30:			
Imports	$316,226,000	$287,075,000	$236,089,000
Exports	300,873,000	321,791,000	355,094,000
Domestic shipments	15,970,000	15,097,000	18,981,000
Domestic warehouse credits	30,250,000	14,229,000	300,343,000
Dollar exchange	45,000,000	56,331,000	135,900,000
Based on goods stored and shipped between foreign countries	245,580,000	251,498,000	234,518,000
Total	$953,899,000	$946,021,000	$1,280,925,000
BUILDING PERMIT VALUATION — DUN & BRADSTREET, INC.—215 CITIES—Month of August:			
New England	$20,010,501	$22,667,711	$33,612,245
Middle Atlantic	93,955,907	148,524,868	186,990,414
South Atlantic	69,364,311	39,559,602	63,267,192
East Central	114,635,222	122,034,982	141,691,559
South Central	98,974,865	110,880,048	111,323,848
West Central	55,987,084	40,918,850	56,570,641
Mountain	34,194,829	32,254,320	42,417,641
Pacific	128,538,461	118,482,908	120,814,474
Total United States	$615,661,180	$635,323,289	$756,688,014
New York City	58,657,111	103,987,432	134,670,689
Outside New York City	557,004,069	531,335,857	622,017,325
BUSINESS INVENTORIES — DEPT. OF COMMERCE NEW SERIES — Month of July (Millions of dollars):			
Manufacturing	$52,200	$52,100	$49,800
Wholesale	12,500	*12,400	12,100
Retail	25,000	*24,800	24,000
Total	$89,800	*$89,300	$85,900
COAL OUTPUT (BUREAU OF MINES)—Month of September:			
Bituminous coal and lignite (net tons)	32,530,000	30,020,000	36,956,000
Pennsylvania anthracite (net tons)	*1,703,000	*1,515,000	2,050,000
COKE (BUREAU OF MINES)—Month of Aug.:			
Production (net tons)	1,582,790	*2,368,834	4,324,500
Oven coke (net tons)	1,542,545	2,310,106	4,283,700
Beehive coke (net tons)	40,245	*58,728	40,800
Oven coke stock at end of month (net tons)	2,298,911	2,195,336	4,007,178
COMMERCIAL PAPER OUTSTANDING—FEDERAL RESERVE BANK OF NEW YORK— As of Sept. 30 (000's omitted)	$763,000	$795,000	$958,000
COTTON GINNING (DEPT. OF COMMERCE): To Oct. 1 (running bales)	4,447,917	[illegible]	2,622,746
COTTON PRODUCTION (DEPT. OF COMMERCE): (running bales) as of Oct. 1	14,692,000	14,678,000	11,435,323
DEPARTMENT STORE SALES—FEDERAL RESERVE SYSTEM—1947-49 Average = 100—Month of September:			
Adjusted for seasonal variation	146	*149	135
Without seasonal adjustment	147	132	137
EDISON ELECTRIC INSTITUTE—			
Kilowatt-hour sales to ultimate customers—Month of July (000's omitted)	52,661,302	52,119,894	46,645,615
Revenue from ultimate customers—Month of July:	$886,209,000	$867,189,000	$805,924,000
Number of ultimate customers at July 31	56,918,243	56,804,974	55,657,248
INDUSTRIAL PRODUCTION—BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM—1947-49 = 100—Month of Sept.:			
Seasonally adjusted	148	149	137
Unadjusted	150	148	140
INTERSTATE COMMERCE COMMISSION— Index of Railway Employment at middle of September: (1947-49 = 100)	61.6	62.4	64.9
METAL OUTPUT (BUREAU OF MINES)—Month of July:			
Mine production of recoverable metals in the United States:			
Gold (in fine ounces)	155,749	*146,815	153,724
Silver (in fine ounces)	2,714,000	*2,901,123	2,549,058
Copper (in short tons)	36,801	*94,230	60,672
Lead (in short tons)	19,154	*21,370	20,996
Zinc (in short tons)	29,901	*35,944	28,776
MOTOR VEHICLE FACTORY SALES FROM PLANTS IN U. S.—AUTOMOBILE MANUFACTURERS' ASSN.—Month of September:			
Total number of vehicles	338,763	602,573	179,585
Number of passenger cars	258,220	239,078	131,945
Number of motor trucks	80,423	363,473	47,425
Number of motor coaches	120	22	215
NEW CAPITAL ISSUES IN GREAT BRITAIN MIDLAND BANK LTD.—Month of Sept.	£47,311,000	£22,459,000	£11,143,000
PORTLAND CEMENT (BUREAU OF MINES)—Month of August:			
Production (barrels)	34,800,000	34,182,000	31,675,000
Shipments from mills (barrels)	36,836,000	37,046,000	34,188,000
Stocks at end of month (barrels)	28,104,000	30,417,000	27,883,000
Capacity used (per cent)	100	99	95
RAILROAD EARNINGS CLASS I ROADS (ASSOCIATION OF AMERICAN RRs.)—Month of August:			
Total operating revenues	$774,406,342	$821,605,157	$833,674,197
Total operating expenses	629,353,297	658,498,911	629,886,592
Taxes	78,526,852	85,788,103	87,045,897
Net railway operating income before charges	39,923,383	48,891,531	91,753,360
Net income after charges (estimated)	26,000,000	32,000,000	81,000,000
SELECTED INCOME ITEMS OF U. S. CLASS I RYS. (Interstate Commerce Commission)—Month of July:			
Net railway operating income	$48,891,533	$89,377,686	$51,820,659
Other income	22,272,674	22,944,530	19,802,415
Total income	71,164,207	112,322,216	71,623,074
Miscellaneous deductions from income	4,198,119	4,259,840	4,848,346
Income available for fixed charges	66,966,088	108,062,376	66,774,728
Income after fixed charges	35,517,294	76,828,699	35,163,350
Other deductions	4,229,246	4,238,105	4,135,890
Net income	31,288,048	72,590,594	31,027,460
Depreciation (way & structure & equipment)	51,222,725	51,048,225	50,295,896
Federal income taxes	16,100,597	36,782,886	14,641,954
Dividend appropriations:			
On common stock	26,322,685	20,901,589	18,045,485
On preferred stock	698,156	840,125	778,976
Ratio of income to fixed charges	2.13	3.46	2.11
TREASURY MARKET TRANSACTIONS IN DIRECT AND GUARANTEED SECURITIES OF U. S. A.—Month of September:			
Net sales	------	------	------
Net purchases	$28,274,650	$18,255,150	$10,613,900

OBSERVATIONS...

The question has been raised, particularly by Congressmen, why the United States should shoulder the burden alone of maintaining this agency, both in view of our adverse balance of payments situation and our prospective participation in the IDA "gravy train," as described below.

The potential damage to the dollar's position through more loans can, in the case of the bilateral Development Loan Association be forestalled by the "tying" of our loans to the spending of the proceeds in the United States. As with the loans made by the Export-Import Bank, this raises our exports and maintains our exchange position. It is now contemplated that such "tying" will be done; and presumably, and hopefully, this arrangement will be maintained, and as rigidly as possible.

Our Ubiquitous Tools

The total outstanding credits of $2.3 billion to Latin American countries by the different agencies are approximately as follows:

	(Millions)
Export-Import Bank	$1,314
World Bank	590
Fund	333
DLF	50
	$2,287

There are two additional agencies for which plans are now in the active works. One, the International Development Association, "IDA," will function multilaterally under the aegis of the World Bank, whose members will constitute the participants in the new organization. Although many details are still to be worked out, it will, in contrast to the World Bank, operate with "soft" loans, partly repayable in local currencies. The capital will be $1 billion (with additional local currency subscriptions); with the United States stake in the $300 million range.

And then there are the plans which have been formalized for the Inter-American Development Bank. It is contemplated that subscriptions in the proportion of 40% will be in the form of gold and hard currencies, with the balance in local currencies. The U. S. quota of the paid in capital will be 37½%. The U. S. quota of usable capital will be $200 million. The Bank probably will be able to borrow funds by the sale of its own securities in the open capital market. This institution, because its headquarters will be in Washington, will get the benefit of coordination in its borrowing activities.

Thus, technically speaking, the World Bank will remain as the one agency extending loans, multilaterally, on merit. The bilateral Development Loan Fund, and the contemplated multilateral IDA (International Development Association) will operate with countries unable to meet the requirements of our Export-Import Bank, the U. S. bilateral institution. And the Inter-American Development Bank will "pick up the rest of the tabs."

Such multiplicity of lending units has many disadvantages, as the conflict of policies in getting the local economic houses in order; and, on the contrary, might even lead toward a kind of competitive lending. This critique rests partly on the assumption that our Congress will see fit to permit the existence of both the coming IDA and the present DLF. In any event, the receiving countries should put their houses in order, by curtailing inflation and punitive taxation, to make themselves elegible for private capital investment. Such discipline will be furthered if the private sector be classified as the first and important line of credits, without reliance on the "softer" governmental subsidizing as an ever ready stand-by.

For our part, we should institute a major re-organization of our numerous aid agencies, with elimination of duplication or overlapping; maintain all legitimate stimuli to private investment; desist from upping protective tariffs; and forthwith promoting trade rather than aid.

Two New V.Ps. for Walston & Co., Inc.

On Nov. 1 William J. Bergraith and Bert R. Jones will become Vice-Presidents of Walston & Co., Inc., 74 Wall Street, New York City, members of the New York and Pacific Coast Stock Exchanges. Mr. Jones will make his headquarters at the firms Los Angeles office, 550 South Spring Street.

RAILROAD SECURITIES

Norfolk & Western—Virginian Merger

The Interstate Commerce Commission has approved the merger of the Norfolk & Western and Virginian railroads. This will be the first merger of two independent major carriers approved by the ICC in modern times.

The consolidated line will form a 2,764-mile system running through the Pocahontas bituminous coal region in Virginia and West Virginia to Norfolk. In addition, it will extend westward to Cincinnati and Columbus, Ohio, and will operate branches through Hagerstown, Md., Bristol, Va., Winston-Salem, N. C. and Durham, N. C.

The Norfolk & Western first applied to the Commission to acquire control of the Virginian by lease 34 years ago. That petition was denied. The present plan was proposed early last year.

In its report, the ICC stated, "Merger of the Norfolk & Western and Virginian will plainly result in a larger, stronger company, better able to meet the challenges faced by the railroad industry and better able to attract and hold competent management personnel."

The consolidation will combine two of the nation's major soft coal carrying roads. Norfolk now operates 2,138 miles of road in six states and Virginian 608 miles in two states. The combined assets of the carriers will amount to $938,000,000.

Under the terms of the proposal, the Virginian will be merged into the Norfolk. Each holder of 100 shares of Virginian common will be entitled to receive 55 shares of Norfolk & Western. The Norfolk also will issue 6% $10 par cumulative preferred stock with voting rights to be exchanged for outstanding Virginian preferred stock on a share-for-share basis.

It has been estimated that savings as a result of the merger should amount to $12,000,000 a year after five years. In applying for approval of the merger, the two roads stated to the Commission, their proposal was "part of a general and inevitable movement in the railroad industry toward greater efficiency and economy in railroad operations." The roads claimed the merger was necessary for survival.

It is hoped the merger can be made effective Dec. 1. Immediate unification contemplated by the two lines include construction of three principal truck connections in Virginia. The lines of the two roads parallel at many points and this would be eliminated cutting operating and maintenance expenses.

This merger was one of the last proposed and the first to be acted upon. There are other mergers which have been in the talking stage for some time and one between the Pennsylvania and New York Central abandoned. Hearings currently are being held by the ICC on a merger of the Erie Railroad and the Delaware, Lackawanna & Western. This is meeting opposition from competing carriers, particularly the New York Central which claims such a combination would take traffic away from it.

Ticker Tape TV at Goodbody & Co.

Television has assumed a leading role in a new concept of "automated" brokerage service employing the most advanced electronic equipment and operating techniques.

At the ultra-modern new offices of Goodbody & Company, 2 Broadway, New York City, a network of strategically located closed-circuit television receivers flashes pictures of stock ticker tapes to customers, partners, and employees in all executive and sales areas. The TV equipment enables the firm to provide faster and more efficient service for clients at its home office and throughout its 41 branch offices in 39 cities. The ticker tape television system features simultaneous presentation of both New York and American stock exchange tickers on the TV screens.

H. Silverstein Opens

BROOKLYN, N. Y. — Harry D. Silverstein is conducting a securities business from offices at 1134 Nostrand Avenue.

Milton Track Opens

LEVITTOWN, N.Y.—Milton Track is engaging in a securities business from offices at 21 Division Avenue.

Forms Westminster Co.

Joshua L. Becker is engaging in a securities business from offices at 520 Fifth Avenue, New York City, under the firm name of Westminster and Company.

WASHINGTON AND YOU

BEHIND-THE-SCENES INTERPRETATIONS FROM THE NATION'S CAPITAL

WASHINGTON, D. C. — Down in the "land of the sky" at Asheville, N. C., a few days ago, 14 Southern Governors and one Lieutenant-Governor held a series of significant conferences that probably will have a marked influence on next year's big political conventions.

The chief executives made no headlines nationally, but the things they did and said indicates that the Southern States have no plans to bolt the Democratic Party, but they are ready to take off the gloves and fight within the party.

The Southern Governors, who represent a vast territory stretching all the way from the Delaware Bay to the Rio Grande River, elected as their chairman Governor J. Lindsay Almond, Jr., of Virginia, who declares that the Old Dominion will not go to the Democratic National Convention next July with a chip on her shoulders.

Governor Almond, white-haired and 61, who is at odds with Senator Harry F. Byrd of Virginia, over the school integration question—the Southland's major emotional problem at this time and will be for a long, long time — vows that Dixie's strength will be preserved by remaining within the party.

Perhaps the Virginian whose State gave this nation most of its early Presidents and leaders, summed up the immediate thinking and philosophy of most of his Southern colleagues. He declared, and with reason, that the South must accept some integration or close its public schools. None of the Governors want to close the public schools.

In the land where 651 new industrial plants were located in the first six months of this year, token integration, such as in North Carolina, may be the answer. Of course no one familiar with the people and the region will deny that many years of frustration, difficulties and heartaches still lie ahead.

Economic Revolution

At the same time an economic revolution is taking place in Dixie. The Governors, their wives and official members of their parties heard a series of reports telling of the economic rise and growth in the Southland, which will benefit all the nation.

For four or five days the Chief Executives, after their business sessions, sprinkled their days and nights with informal huddles and entertainment. They went atop of Mt. Mitchell, the highest mountain in Eastern United States, where they ate a picnic lunch of North Carolina country ham, fried chicken and roast beef.

At one evening function after their wine and filet mignon, they heard Minnie Pearl and members of the "Grand Ole Opry" who came across the mountains from nearby Tennessee to entertain the official guests.

At the annual State Dinner, where the Governors put on their black ties, and the Ladies put on their loveliest evening gowns, the audience heard the President of the world's largest utility, Frederick R. Kappel of the American Telephone and Telegraph Company.

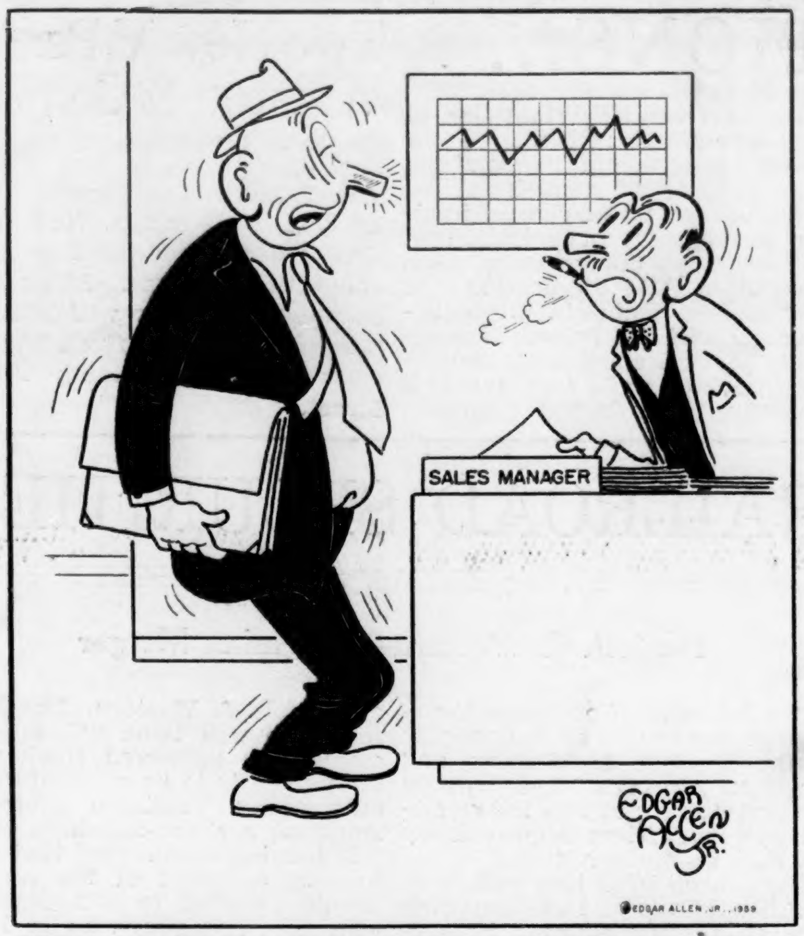
Mr. Kappel's Views

President Kappel told the audience, after they had finished their roast beef, red wine and champagne, that in the past 20 years the income per capita in Dixie has more than doubled. This has been a magnificent performance, substantially ahead of the relative improvement for the United States as a whole, he said. At the same time he pointed out that most of the audience already knew the per capita income of the region is still below the national average.

Mr. Kappel said AT&T serves 8,500,000 customers, and 230,000 of its shareholders live in the Southland. Two decades ago the Bell System served about 2,600,000 telephones in these states as compared with 13,000,000 today or five times as many. This increase is three times faster than the rest of the country. Before World War II, the Bell System had an investment of $750,000,000 in these states. Now it is more than $5,000,000,000, nearly seven times as much.

The transition from an economy, once based largely on agriculture, has been greatly responsible. The movement of people away from the farms into better paying jobs in factories, service industries and office work has helped. The growth in metropolitan areas has been tremendous.

President Kappel declared that progress in communications will make a large and even more startling contribution to the future welfare of the South. "What we see emerging from the laboratory and into practical use in the next 20 years, the possibilities seem to us—well, I shall just say they are breathtaking."



"Gesh I ordered a few too many cocktails entertaining that proshpective client — I ended up BUYING from HIM!"

Political Expressions

There were some other things that were said at the formal and backstage sessions that are of significance to the country. Of course there were political expressions. Young Governor John Patterson of Alabama, who is 38, came out flatly and in strong words for Senator John F. Kennedy, Democrat of Massachusetts, and the retiring governor of Mississippi, J. P. Coleman, who was chairman of the Conference, said Kennedy would make a great president.

Governor Patterson said he is convinced that the fact that Senator Kennedy is a member of Catholic faith would be no disadvantage politically to the New Englander.

Governor LeRoy Collins of Florida, the immediate past chairman of the National Governors Conference, was succeeded to that post by Governor J. Caleb Boggs of Delaware, a Republican, who also is a member of the Southern Governors' Conference.

Governor Boggs gave a warm pat on the back as a prospective Presidential nominee, his former colleague in the House of Representatives, Richard M. Nixon. He likewise declared at Asheville that Governor Nelson Rockefeller of New York would make a good President.

The whole Democratic Presidential picture as far as next year's Democratic convention at Los Angeles is concerned is a wide-open affair. The Dixie governors do not want any ultra liberals as their nominees. Lieutenant Governor Lether E. Frazar of Louisiana, representing Governor Earl L. Long, said Long authorized him to say that he favors Senator Stuart Symington for the Democratic Presidential nomination. Incidentally, the Missouri Senator is making his first pre-convention speech in Louisiana at a big dairy festival at Abbeville, in the French Country within the next few days.

In Johnson's Corner

Governor Orval E. Faubus of Arkansas expressed the opinion that many Arkansas Democrats at this time appear to favor Senator Lyndon B. Johnson of Texas for the nomination. At this time he said Vice-President Nixon was apparently the leading Republican Presidential candidate, but the fact that Governor Rockefeller's brother, Winthrop Rockefeller, is a leading citizen of Arkansas could change the picture. Nevertheless, he doubted that Arkansas would be in the Republican column in 1960 unless the Democrats nominate some radicals.

Incidentally, Governor Faubus told fellow governors that 1959 will be chalked up as the greatest year in history for his state in getting new plants located. He said that the unfavorable publicity involving the school integration problems at Little Rock had not hurt the state from that standpoint.

Data on Economic Growth

Governor Faubus was Chairman of the Southern Governors' Conference which presented a detailed report of the industrial development in Dixie. The report, signed by the Chairman and Governors Almond of Virginia; A. B. "Happy" Chandler of Kentucky; J. Millard Tawes of Maryland, and Earl Long of Louisiana, showed that more than 1,000 new industrial plants are locating in the South each year. The report showed that 1,059 plants were reported in 1956, 1,314 in 1957 and 1,424 in 1958.

The report justifiably pointed with pride to the fact that the Southern dollar has suddenly begun to speak. While the income for the region as a whole is below the National average, several dozen Southern cities enjoy per capita incomes higher than the national average. Others are moving up.

A high birth rate, plus farm mechanization, assures a steady flow of new workers for the new industrial plants. One of the South's greatest strengths is its capacity to supply basic raw materials for industry.

The pulp and paper industries are nearing a $4,000,000,000 per year output. The region's furniture industry, centered in North Carolina, is using up considerable forest products. The South is the dominant producer of citrus products, peaches, peanuts, poultry broilers, sugar cane, sweet potatoes, green onions, rice whiskey, tobacco, vegetable oils, naval stores and furs.

From all over the region there is no doubt that dynamic new forces are at work. New resources are being tapped, new talents discovered, and new enterprises created.

"It is surprising, however, that popular reports of Southern advancement, fail to explain why the region is making such remarkable progress," said the report of the governors. "The casual reader of typical reports of the 'New South' may be led to believe that the region, despite inherently backward ways and stubborn adherence traditions of 1865, has been uplifted by inevitable economic and social trends.

"The South, it would appear, has progressed in spite of itself. Of course, those who have studied the development of industry and science in the region know that the true story of Southern progress cannot be found in sensational accounts of political battles and racial adjustments."

[This column is intended to reflect the "behind the scene" interpretation from the nation's Capital and may or may not coincide with the "Chronicle's" own views.]

T. J. Lipton Opens

Theodore J. Lipton is engaging in a securities business from offices at 80 Wall Street, New York City, under the firm name of T. J. Lipton & Company. He was formerly with S. Schramm & Co. Inc.